PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-SECOND PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FORTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 1997-98

COMPRISING PERIOD
30 June—11 July 1997

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30 June 1997

THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-SECOND PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 7 MAY 1997]

FORTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 297**

FOURTH VOLUME OF SESSION 1997–98

House of Commons

Monday 30 June 1997

The House met at half-past Two o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

Oral Answers to Questions

SOCIAL SECURITY

Pensions

1. **Mr. Terry Lewis:** To ask the Secretary of State for Social Security what plans she has to encourage people to take out value-for-money pensions. [4334]

The Parliamentary Under-Secretary of State for Social Security (Mr. John Denham): We want to ensure that all pensioners can share fairly in rising national prosperity. We will support and strengthen the existing framework for occupational pensions. We will develop stakeholder pensions to offer secure, flexible, value-for-money pensions, particularly to those who cannot join an employer's occupational pension scheme, or whose pay is low, or who have intermittent wages, and for whom personal pensions may therefore be unsuitable.

Mr. Lewis: I thank my hon. Friend for his answer. Over several years, there has been a sad decline in the membership of occupational pension schemes. How will my hon. Friend tackle the effects of, for instance, the flexible labour market on the membership of such schemes?

Mr. Denham: My hon. Friend is right: there has been a sharp decline in the membership of occupational pension schemes, particularly among men. Part of that was caused by the mis-selling of personal pensions to members of occupational schemes. I am sure that my hon. Friend will welcome the action that my colleagues in the Treasury are taking to sort the problem out.

Many people in the flexible labour market cannot join an employer's occupational scheme, because there is not one on offer. They may be badly hit by high fees and charges for existing personal pensions. It is to give those people some of the advantages of occupational pensions that we wish to develop stakeholder pension schemes.

Mr. Brooke: Does the Minister acknowledge the international recognition of the extremely sound basis of British pension provision, as endorsed by a recent report by the International Monetary Fund? Will he give an assurance that in no particular will the Government threaten the soundness of that basis?

Mr. Denham: It is certainly true that the size of funded occupational pensions is a strength. Occupational pensions have always been supported by Labour Governments; indeed, membership of occupational pension schemes has peaked under Labour Governments and declined under Conservative Governments. I hope that the strength of the British pension scheme in that regard will continue to be recognised, but we must tackle the problems faced by people who have no opportunity to take advantage of a good, value-for-money employer's occupational scheme.

Mr. Olner: Will the Minister also take account of the huge black hole that has been created by the fact that many workers are now on temporary wage contracts, and cannot enter occupational pension schemes? Will he do anything to remedy the problem?

Mr. Denham: My hon. Friend is right to raise that issue. It is one of the difficulties to which I have been referring. Some of the personal pension schemes that are currently on the market will impose very high charges, and will take a large proportion of people's savings if, for example, they can enter and stay in the schemes only for a few months or years. That is why the Government place emphasis on developing value-for-money, flexible schemes that will not unfairly penalise people who change their jobs or spend periods outside the labour market.

Lone Parents

2. **Mr. Lansley:** To ask the Secretary of State for Social Security if she will make a statement on her policy on benefits for lone parents. [4335]

The Secretary of State for Social Security and Minister for Women (Ms Harriet Harman): The Government believe that work is the best form of welfare for people of working age, and we are committed to a package of measures that will help lone mothers to move off benefits and into work so that they and their children can be better off.

Decisions on benefits for lone parents will be announced at the time of the Budget.

Mr. Lansley: Does the right hon. Lady agree with her right hon. Friend the Member for Birkenhead (Mr. Field), who said:

"Tax and benefit policy was squeezed to help single parents"—

Madam Speaker: Order. Hon. Members do not quote at Question Time. Paraphrase, please.

Mr. Lansley: Thank you, Madam Speaker. The right hon. Member for Birkenhead made it clear that he felt that a policy of differential benefits for lone parents should be abolished. Will the right hon. Lady now say that she will provide the same benefits for two-parent families as are provided for lone parents?

Ms Harman: What we are concerned about is the differential in opportunities between married or cohabiting women and lone mothers. When her youngest child reaches the age of five, the married or cohabiting woman will often start to look for work. When she is able to go out to work and contribute to her family budget, the family is better off. However, lone mothers remain trapped on benefit and after 18 years of Conservative Government policies, about 1 million lone mothers are on income support and bringing up 2.2 million children on the breadline. We want to ensure that lone mothers have opportunities to work so that, like lone mothers in the rest of Europe, they do not have to bring up their children on benefits.

Mr. McAllion: Like my right hon. Friend, I accept that the best policy on benefits for lone parents is to help them to get off benefit and back into work. Bearing that in mind, will my right hon. Friend reflect on the predicament of the Whitfield sitter service and Whitfield community nursery in my constituency, both of which provide affordable, quality child care to lone parents to enable them to get back into work? Because their urban programme funding runs out this year, both those organisations face closure later this year.

Does my right hon. Friend agree that it would be wholly counterproductive to allow such excellent organisations to close because of a lack of public funding when their closure will inevitably force lone parents out of work and back on to welfare, leading to an increase in public expenditure, which I am sure neither my right hon. Friend nor the Chancellor wish to see?

Ms Harman: I thank my hon. Friend for raising the issue of Whitfield community nursery in his constituency. He is right to say that child care is essential to underpin the opportunities for lone mothers to go to work. That is why the Government consider the national child care strategy to be of central importance. It will ensure a choice of affordable, high-quality accessible child care so that lone mothers can be sure that, when they go to work, their children are playing and learning safely with other adults. Together with my ministerial colleagues, I shall look into the issue of the nursery in his constituency.

Mr. Duncan Smith: May I take this opportunity to welcome the Secretary of State and her Ministers to their places and wish them the best of luck? We shall try to be constructive in opposition and shall look at each of the Government's proposals on its merits. However, we shall also judge them against the high level of expectation that they raised in the run-up to the general election.

Many times in the run-up to the election, the right hon. Lady, made it quite clear that she did not believe in equal benefits for single and two-parent families. She has made it clear that she would reverse the Conservative Government's proposals. However, as my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) has said, on 28 November the Minister of State made it quite clear that he took a different view.

It is becoming increasingly clear that the right hon. Lady is unlikely to have her way in the Department in this case. Is she absolutely determined to stand by her commitments to reverse what we instigated and, if she does not get her way, what will she do?

Ms Harman: I welcome the hon. Gentleman and his shadow colleague to their new positions. I also welcome his statement that he will make constructive proposals and engage in constructive debate. If the hon. Gentleman considers what I said in the run-up to the general election and looks at Labour party documents from that time, he will see that our approach was made absolutely clear. We want what lone mothers want for themselves and their children, which is to be better off in work than on benefit.

The Policy Studies Institute recently completed research which shows that a lone mother with two children moving off income support and into work on in-work benefits are likely to be £50 a week better off. At the heart of the Government's approach is a welfare-to-work strategy with the opportunities that lone parents seek for themselves. The Government will back them to ensure that they get those opportunities.

Jobseeker's Allowance

3. **Professor Webb:** To ask the Secretary of State for Social Security what plans she has to review the rules governing eligibility for the jobseeker's allowance. [4336]

5. **Mr. Mitchell:** To ask the Secretary of State for Social Security what changes she plans to make to the jobseeker's allowance. [4338]

The Parliamentary Under-Secretary of State for Social Security (Mr. Keith Bradley): The Government believe that work is the best form of welfare for people of working age. Our welfare-to-work objectives are to provide work incentives, to reduce poverty and welfare dependency and to strike a new balance between rights and responsibilities. A programme of monitoring and evaluation is under way to enable us to ensure that the jobseeker's allowance contributes to achieving our objectives.

Professor Webb: In reviewing the jobseeker's allowance, will the Minister examine cases such as that of my constituent, Mr. Peter Free, who is undertaking a worthwhile course and who has been told by the job centre to give it up, despite doing well in the first year of the course, in favour of a dead-end job? Is that the Government's policy, or will they break from the previous Government's policy?

Mr. Bradley: I am grateful to the hon. Gentleman for giving me advance notice of that constituency case. Clearly, within the evaluation of the jobseeker's allowance, we are carefully considering the way in which education and training interact with the need to return to work. I have considered carefully the constituency case. I do not think that it would be appropriate to discuss the precise details in the Chamber, but I assure the hon. Gentleman that, after questions today, I will discuss the matter further with him to ensure that his constituent is given the correct advice on training and job opportunities.

Mr. Mitchell: I am delighted to hear that we are reviewing the benefit, but I wonder whether the Minister—I mean my hon. Friend; I have just got to get into the habit—could help me with a few immediate points. What have we done in the meantime to ease administration of the benefit, to ease the petty meanness, to protect the staff and to ease the strain on them, all of which we exposed powerfully when the legislation was passed?

Mr. Bradley: I am grateful to my hon. Friend for asking that question, because it is essential that we give credit to the staff who deal with claimants for the benefit. We have to ensure that it is administered efficiently and effectively, and that it forms a proper platform of our welfare-to-work programme. I assure him that his points will form part of the evaluation.

Mr. Forth: Given the Minister's reply to the original question, what will be the difference between his approach to the jobseeker's allowance and that of the previous Government?

Mr. Bradley: The most essential part of the jobseeker's allowance is integral to our welfare-to-work programme: that we put forward options that give genuine opportunities for people to return to work, because work is what they want. That is the difference between this Government and the previous Government, who did not put work at the top of the agenda.

Mr. Miller: Will my hon. Friend carefully consider the way in which people with learning difficulties are treated in the assessment for the allowance?

Mr. Bradley: I am grateful to my hon. Friend. I know of his particular concern on this issue from previous correspondence and from the occasions when he has raised the matter in the House. I assure him again that, within the evaluation, the problems of people with learning difficulties will be fully taken into account in our welfare-to-work programmes.

State Pension

4. **Mr. Amess:** To ask the Secretary of State for Social Security what recent representations she has received on the level of the state pension. [4337]

The Minister for Welfare Reform (Mr. Frank Field): The Government are committed to reviewing all the main areas of insecurity affecting pensioners. In that review, pensioners' views will be important, but the review will take place within a framework of trying to achieve two objectives. The first is how we ensure pensioners share in this country's rising prosperity; the second is how we automatically deliver more help to the poorest pensioners.

Mr. Amess: Will the Minister tell the House and my constituents in Southend, West what proportion of average retirement income the state pension accounts for today, and what proportion he expects it to account for in five years' time?

Mr. Field: All that I can say is that, under the previous Government, the state pension's value fell by 6 per cent: from 21 per cent. of average earnings to 15 per cent. of average earnings. The hon. Gentleman will have to wait a little longer to see the successes of our reviews and of our economic strategy before anyone can sensibly answer that question.

Mr. Grocott: Will my right hon. Friend give us the assurance—I am sure that he can—that, in any discussions about the level of the pension, his Department will keep in the closest possible contact with the various pensioners' groups and organisations? Does he agree that one of the problems in dealing with pensioners' groups is the profound sense of betrayal they feel, which they certainly felt and expressed in the general election, about the way they were treated by the previous Government, when, despite the massive advantages of income from North sea oil, they did not get a fair deal?

Mr. Field: I was trying to make that point, although I did not do so as effectively as my hon. Friend, in my supplementary answer to the hon. Member for Southend, West (Mr. Amess). It is crucial not only that we ensure that pensioners have a stake in the rising prosperity of this country and that we listen carefully to the voices of pensioners, but that we widen the debate so that all of us

realise that most of us will one day be pensioners and that we have an interest in the evolving pension debate which the Government are leading.

Mr. Burns: In the light of the right hon. Gentleman's previous answer, will he explain the comments that the Secretary of State made last October at the Labour party conference, which led many people to believe that, in government, she would consider raising the linkage of state pension to wages rather than prices? Is he aware that, if that were to happen by only 1 per cent. over and above the rate of inflation, it would cost £300 million in the first year and £4.5 billion by the fifth year?

Will the right hon. Gentleman explain where that money would come from and whether the Treasury is in agreement—or was it simply a question of seeking to give hints, nods and winks to interest groups which the Government had no intention of fulfilling once they came to power?

Mr. Field: I welcome the hon. Gentleman to his new position. I suggest that, if he wishes to make a constructive contribution to the evolving welfare debate, it would be better if he did not misrepresent what my right hon. Friend said and accepted that parties are bound by their election manifestos. If he has not had a copy of our election manifesto, I shall be happy to send him one.

Benefit Services

6. **Ms Moran:** To ask the Secretary of State for Social Security if she will make a statement on the Government's proposals to improve services to those claiming benefit. [4339]

Ms Harman: We will modernise the social security system to improve services to claimants. We want a system that is speedy, fair and efficient; the system that we have inherited from the previous Government is complex, lengthy and unfair.

Ms Moran: I thank my right hon. Friend for that reply. Does she agree that it is very slow and inefficient for people to have to wait on average six months, or up to a year in some instances in my constituency, for an appeal or a decision on appeal? Is not that the direct responsibility of the previous Government? Does she further agree that by simplifying the decision and appeals system, the Government will make a start on modernising the welfare state?

Ms Harman: My hon. Friend makes a very important point. She said that, once an appeal against benefit refusal has been lodged, it can take up to six months on average for the appeal to be determined. Unfortunately, some cases lodged as much as two years ago are still awaiting a determination of appeal. It is not acceptable that it can take people up to two years to find their way through the 13 different appeals systems to get their appeal determined.

The system treats people unfairly: on the one hand, it offers people the right to appeal but, on the other, it tells many people at the end of a very long process that they had no chance of success anyway. That is not acceptable. We shall modernise the system to ensure a speedy, fair and efficient service for people who appeal against benefit decisions, and I shall be making further announcements shortly.

Mr. Viggers: Is the right hon. Lady aware that a constituent of mine recently fainted after standing in a queue for a benefit payment? Is it not possible for the Government to follow the practice of virtually every private sector organisation and arrange a proper queuing system in benefit offices or, better still, treat applicants with respect and provide chairs?

Ms Harman: In the circumstances described, it is totally unacceptable that a constituent should faint while waiting to be seen at a caller office. The solution will be not only a fair queuing system but speedier service delivery and a speedier response to people who visit Benefits Agency offices. The system for telephoning offices also must be modernised and updated, in line with people's expectations about what a modern service should deliver.

Queueing has ceased to be a feature in the former Soviet Union, and it should not be a feature of our Benefits Agency. We are determined to shorten the time that people must wait for answers to their queries. If possible, we want their queries to be dealt with on the telephone, so that they do not have to queue.

Mr. Pike: Does my right hon. Friend realise that complexities in the mortgage interest payment system cause many difficulties for people who are eligible for mortgage benefit? The system should be simplified so that Benefits Agency staff can get it right and avoid causing problems for people with mortgages.

Ms Harman: We certainly want simpler claim forms and a system that is easier for claimants to understand. We also want a system that is understood by staff to be fairer and more efficient. Most often people have problems paying their mortgages and have to visit Benefits Agency offices because they are without work. We should ensure not only that people do not get into problems paying their mortgages but that they are advised and helped back into work. For people of working age, the social security system should not be about a handout but about a hand-up. Most people of working age who have mortgage problems have such problems because they are not in work. Welfare to work is a central part of the Government's strategy.

Mr. Swinney: As we await the Government's review of Benefits Agency regulations on timetabling and dealing with appeals, will Ministers allocate more resources to solving the immediate crisis, which is causing enormous hardship for people in very vulnerable situations? Those people's lives have been shattered because the Benefits Agency cannot speedily resolve its quagmire of decisions.

Ms Harman: Before the general election and in our manifesto, we said that we would stick to existing departmental spending totals. However, our priorities are different from those of the previous Government. One of our priorities is to improve service delivery, both at first instance and on appeal. We believe that there is much that we can do within the system to improve services for

claimants in the hon. Gentleman's constituency and across the country. We will soon be making further announcements on that matter.

Benefits Agency Change Programme

7. **Mr. John Cryer:** To ask the Secretary of State for Social Security what plans she has to reform the Benefits Agency's change programme. [4340]

Ms Harman: We are determined to modernise the social security system. Before the election, we stated our views about the Benefits Agency change programme and said that we would take a practical, non-ideological approach to the best way of delivering public services. The previous Government said, "Public bad; private good." We ask whether it works and whether it is fair—to those who use the services, to those who work in the services and to the taxpayer. Those are our criteria.

Mr. Cryer: I am very grateful to my right hon. Friend. Is she aware, however, that the change programme instituted by the previous Government constituted an attack on the public sector, an attempt to destroy public sector jobs and an attempt to make private greed out of poverty?

Ms Harman: Before the election, we stated what our approach would be, and said that our approach would be different from that of the previous Government. As I said, the previous Government believed that everything that was delivered by the public sector must be bad, and that everything must be privatised. We take a practical, non-ideological view. We have said that we will seek opportunities for extra investment by the private sector, that we will keep within spending totals and that we will review all projects that are in the pipeline. We have already met the trade union side. My ministerial team is examining proposals, project by project, and meeting the staff involved. My team is also discussing the proposals with the appropriate trade union side. We have stated the criteria against which we will review each project.

Mr. Collins: As part of her reforms, will the Secretary of State take steps to accelerate the payment of child benefit to parents under pressure, particularly those who are worried by the Government's policies as their children attend grammar schools?

Ms Harman: We are always concerned to ensure prompt, efficient, speedy payment of benefit, irrespective of the school choice of the mother who is entitled to receive that benefit on behalf of her children.

Mr. Kirkwood: Does the Secretary of State acknowledge that there is real concern about the reduction of the administrative budget available to the Benefits Agency over the next two years, as that may prejudice not only customer and claimant services but the security of the staff involved and the uptake of means-tested benefits? That is particularly true in rural areas.

The right hon. Lady may be aware that today in the East Edinburgh and Borders district some changes are being made involving the relocation of processing and there are local concerns that that is the thin end of the wedge. Can she give us an assurance that the Benefits Agency will secure particularly remote local offices so that the service to claimants continues and the uptake of benefit is not prejudiced by the change programme over the next two years?

Ms Harman: The hon. Gentleman has rightly identified two of our objectives: first, to keep within the spending total and secondly to improve services to claimants. I am well aware of the challenge of ensuring that good services are delivered in rural areas. We need some new, innovative thinking about how we deliver services to people in rural areas.

I know that the hon. Gentleman is concerned about the proposed change in the Benefits Agency offices in his constituency and we shall be looking closely at that issue. However, one of our central objectives is to provide a better service to claimants, unlike the previous Government who thought that anyone who claimed benefits was a scrounger and that however bad the treatment they received, it was too good for them. We agree with the hon. Gentleman that the services must improve.

Income-related Benefits

9. **Mr. Merchant:** To ask the Secretary of State for Social Security what plans she has to review social security income-related benefits. [4342]

Mr. Field: The Government are committed to a wide-ranging review of social security, including income-related benefits. Its aim is to reward work, savings and honesty.

Mr. Merchant: In the past, the Under–Secretary of State, the hon. Member for Manchester, Withington (Mr. Bradley) and other Labour Members condemned family credit as a subsidy for poor employers. Do the Government now plan to phase out family credit in the near future?

Mr. Field: The hon. Gentleman is wrong in saying that my hon. Friend made any such accusation. A review is under way, but I should be very surprised if that were its conclusion.

Dr. Iddon: Will my hon. Friend confirm that, despite predictions to the contrary, the previous Administration managed to double the number of people receiving benefit? Does he agree that in one in five households where people could work, no one is actually working and that that is one of the worst records in the industrialised world?

Mr. Field: I am grateful to my hon. Friend for his comments. In respect merely of income-related benefits, under the previous Administration the numbers claiming means-tested help rose from 10 million to 15 million. Part of the reason for that is that work is unevenly distributed. One of the aims of our review is to ensure that the benefit system does not act as a hidden hand, ensuring that some households get many jobs and others get none.

Mr. Brazier: In setting out the laudable aims of his review, will the Minister tell us what co-ordination there

is with a similar review in the Department of the Environment on housing policy, that, on its own declared aim, seeks to revert to giving priority in two identical cases to someone who is nominally homeless—even with connivance—over those who have honestly taken their place in the queue?

Mr. Field: I can happily reassure the hon. Gentleman that there will be close co-ordination between Departments in the review.

Madam Speaker: But there should not be such close co-ordination at Question Time.

Pensioners (Income Support)

10. **Mr. Ronnie Campbell:** To ask the Secretary of State for Social Security what estimate she has made of the proportion of pensioners who do not claim the income support to which they are entitled. [4343]

Mr. Denham: One in four pensioners receive or are entitled to income support, but more than one in three of them do not receive the income support to which they are entitled. We are committed to examining ways to bring more automatic help to the poorest pensioners and are commissioning research to establish why so many pensioners do not receive the income support to which they are entitled.

Mr. Campbell: Is it not true that the reason for non-take-up of the benefit is not personal choice, as the previous Government claimed, but the stigma of claiming income support? Is it not also true that non-take-up of the benefit is greatest among women? Just under 1 million women do not claim the benefit and do not have a second pension. Will my hon. Friend give a high priority to examining second pensions for women?

Mr. Denham: My hon. Friend is right. The previous Administration claimed that benefits were not taken up by choice, but they never undertook any substantial research to establish the real situation. Without prejudging the outcome of our research, I think that it is likely that we shall find that stigma is an important factor in non-take-up and that there are many older single women without additional pension rights among those who are going without the support of the benefit. In the longer term, we should enable more people to develop an adequate second pension on top of their basic state pension, so that they can enjoy security in retirement.

Mr. Baldry: Can the Under-Secretary adduce any evidence, in relation to pensioners or anyone else, for the Secretary of State's assertion a little while ago at the Dispatch Box that the previous Administration thought that anyone who claimed benefit was a scrounger? Does he not think that, if we are to have a sensible debate on welfare reform, we need a more mature approach than was demonstrated by the Secretary of State?

Mr. Denham: The message that my right hon. Friend spoke about was evident throughout the 18 long years of the previous Administration—in everything that they said, in their demonstrable lack of interest in why the poorest pensioners go without assistance and in their casualness about the quality of service offered by the social security system.

Mr. Wicks: Given that only pensioners in receipt of income support are eligible for cold weather payments during the severest weather, does my hon. Friend agree that it is a scandal that, in Britain, every winter—I suspect that this will be the case again during the coming winter—30,000 elderly people die from cold-related medical conditions? Will he initiate a take-up campaign for income support as soon as possible, so that people in their 80s and 90s who have served this country well do not have to make the terrible judgment this winter whether to heat their property or to eat?

Mr. Denham: It is a scandal that so many pensioners suffer in that way and that this country's record is apparently so much worse than that of other European countries, including those that suffer a more hostile winter climate. We are concerned to encourage take-up and have commissioned research to understand why pensioners do not receive income support—which is a passport to other important benefits—so that we can deal with it as effectively as possible.

Retirement Pensions

11. **Sir Teddy Taylor:** To ask the Secretary of State for Social Security what plans Her Majesty's Government have to increase the retirement pension beyond the increase in the retail prices index; and if she will make a statement. [4345]

Mr. Denham: We shall announce the uprating of the retirement pension at the normal time. Our manifesto said that we would increase it at least in line with prices.

Sir Teddy Taylor: Does the Minister accept that it would be helpful if the Government could say whether they intend to increase the pension above the rate of the retail prices index in the longer term? In the meantime, will he consider carefully the possibility of linking pension rises to a separate pensioners' price index that takes full account of the special needs and costs faced by elderly people compared with those faced by others in the community?

Mr. Denham: That is an interesting question from an hon. Member who supported the previous Administration for most, if not all, of the past 18 years, during which neither of the two things that he has suggested was done. In contrast to the previous Government, we shall have a review of the central areas of insecurity for elderly people, which will include the basic state pension and its value. Again in contrast to the previous Administration, we will listen to the views of pensioners and pensioner organisations during that review.

Mr. Winnick: Is my hon. Friend aware that about the last group of people who should criticise us on pensions are the Tories, whose behaviour in office was quite disgraceful? Is he also aware that many pensioners believe that they should receive an increase above the retail prices index, that they have a very strong case indeed and that they have a great deal of support on the Government

Benches? One hopes that it will not be long before the Government are in a financial position to give pensioners the rewards to which they are perfectly entitled.

Mr. Denham: My hon. Friend is right in his judgment of the previous Administration. We shall increase the basic state pension at least in line with prices. We shall have a review of the central area of insecurity facing pensioners to ensure that we hear their voices and listen to their concerns. We have made it clear that we are committed to examining ways to get more automatic help to the poorest pensioners. I look forward to the cut in VAT on fuel, which will cut pensioners' winter fuel bills.

Mr. Gibb: Are the Government still considering the proposal for a flexible decade of retirement from age 60, which the Secretary of State said before the election would involve a lowering of the basic state pension by £20 a week?

Mr. Denham: My right hon. Friend did not make any such statement before the election. We did say before the election that there are attractions in a flexible decade of retirement and that we would wish to move in that direction. I have no doubt that it is one of the matters that will be considered in the pensions review. I want to make it perfectly clear that there is no question of anybody who is retired today or who retires at state retirement age in future receiving anything other than the right pension for that age.

Housing Benefit

12. **Mr. Bennett:** To ask the Secretary of State for Social Security when she expects to issue new housing benefit regulations. [4346]

Ms Harman: We gave a commitment before the election to review the regulations that extended the single room rent to people aged 25 and over. We have done so—in the context of our commitment to keeping within spending totals.

We have listened to the advice and views of hon. Members—including those on the Environment Committee, on which I know my hon. Friend played a major part—local authorities and housing organisations such as Shelter and Crisis and decided not to go ahead with the single room rent provision for over 25-year-olds. We will revoke the regulations laid by the previous Government.

Mr. Bennett: I thank my hon. Friend for that answer, which is very welcome. What is the magic about the age of 25? Will it be possible to reduce the hardship being suffered by people under 25 years old?

Ms Harman: My hon. Friend is right to draw attention to the situation of those under 25 years old. The previous Government had already introduced a single room rent provision for under-25-year-olds, which requires them to live in shared accommodation. They cannot get housing benefit for anything more than a shared room; it will not even cover a bedsit. That was one of the many measures brought in by the previous Government which we opposed.

I have made an announcement today about one of the measures that was on the table when we arrived in government. The regulations had been laid in the House but had not been implemented. Although the rest of the announcements on benefits will be made around the time of the Budget, we brought forward this announcement because we knew that, due to regulations laid before the House, local authorities were making plans to implement the single room rent for over 25-year-olds.

Mr. Gorrie: Will the Secretary of State consider trying to simplify the housing benefit regulations and making them more humane? I have wrestled with them for many years as a councillor and now as a Member of Parliament, and I know that they are complex and put many people off claiming their rights.

Ms Harman: The hon. Gentleman is right to raise that point. The complexity of the housing benefit system means that people are not able to understand the factors that change their entitlement. There is also clear evidence that the way the system works keeps some people on benefit because they cannot pay their housing costs if they start work. We have already announced that we will review housing benefit as part of wider housing policy.

The previous Government abandoned any attempt to have a housing policy for those on lower incomes: they stood back and let the housing benefit system take the strain. It did—to the tune of £11 billion a year—while investment in housing collapsed. The review will be undertaken cross-departmentally, but in the meantime we need to ensure that the current system is made simpler and easier to understand.

Young People

13. **Mr. Clapham:** To ask the Secretary of State for Social Security what is the Government's policy for getting young people off benefit and into work. [4347]

Mr. Field: The Government believe that work is preferable to welfare. Shortly, the House will be given details of our plans to offer real opportunities to 250,000 young people who have been unemployed for six months or more.

Mr. Clapham: I am grateful to my right hon. Friend for that reply. Does he agree that one of the saddest aspects of the former Government's policy was their failure to give opportunities to young people and that, as a result, between 500,000 and 600,000 young people are now out of work? For the benefit of the Conservatives, will he reiterate his determination to ensure that young people are given opportunities and their life chances are improved?

Mr. Field: I willingly give that commitment to my hon. Friend. I hope that the House will appreciate that, when the plans for moving people from welfare to work are unveiled, we will offer that group of claimants an opportunity that no other Government have ever offered them. Because we regard every individual as important, they will all be given four options. Because we will meet that part of our commitment, the Prime Minister's view that there should be no fifth option of remaining on benefit will also be part of the package.

Mr. Duncan Smith: Does the Minister of State agree that the complexity of his welfare-to-work programme

gives scope for wider benefit fraud? Will he confirm that he has asked his officials to consider that problem; that they have advised that there is greater scope; and that the arrangements to prevent that would cost extra money?

Mr. Field: I, too, welcome the hon. Gentleman to his post and look forward to his using his considerable skills to develop our welfare reform programme.

Given the lead the Social Security Committee took on fraud in the previous Parliament, is he not trying to teach his grandmother to suck eggs?

Asylum Seekers

15. **Mr. Cohen:** To ask the Secretary of State for Social Security when she will hold discussions with the Home Office on the social security rules governing benefits to asylum seekers. [4350]

Mr. Keith Bradley: As the House is aware, we are committed to a wide-ranging review of social security. Our aim is to encourage independence and reduce poverty. With the Home Office, the Department of Health and other Departments, we will consider all arrangements for asylum seekers to ensure that they are dealt with fairly and promptly.

Mr. Cohen: Will my hon. Friend ensure that the review is conducted urgently? Asylum seekers and their dependants, who are sometimes young children, should not have to wait long periods without social security subsistence and their asylum applications should be decided promptly. Can Government policy be co-ordinated so that starvation is not used as a weapon against asylum applicants?

Mr. Bradley: I am as anxious as my hon. Friend that the review of the asylum system is undertaken across Departments as swiftly as possible. It is crucial that we speed up the process of determining applications to ensure that the scenario that my hon. Friend raises does not happen. The review is led by the Home Office, which has prime responsibility, but I shall ensure that the departmental review is undertaken as swiftly as possible.

Lone Parents (Hackney)

16. **Ms Abbott:** To ask the Secretary of State for Social Security if she will visit Arcola street social security office to discuss the number of single-parent mothers in Hackney on benefit. [4351]

Ms Harman: I intend to visit many social security offices to talk to claimants and staff and listen to their views. I have already visited offices in Streatham and Brighton and members of my ministerial team are undertaking a continual series of visits to benefit offices. I shall visit the Arcola street office in my hon. Friend's constituency in the near future. We are committed to a package of measures that will help lone mothers to move off benefit and be better off in work in Hackney.

Ms Abbott: My right hon. Friend will be aware that the Government's package of measures to encourage lone mothers to move from welfare to work has been widely welcomed—particularly by lone mothers themselves, the majority of whom want to work and, indeed, are anxious to do so. Will she take this opportunity to assure the House that although every encouragement and support will be given to lone mothers to move from welfare to work, single mothers with children of school age will never be forced to go to work on pain of losing their benefit?

Ms Harman: We are not proposing compulsion for lone mothers to take work. As my hon. Friend says, we are backing their desire to have the opportunity to go out to work, to be better off and to have a better life for themselves and their children. There is, however, one element of compulsion in the programme—fathers must pay for their children. In our view, we can tackle child poverty in lone-parent families by ensuring two things—first, that the mother can go out to work and, secondly, that the father pays for his children.

Mr. Leigh: Does the Secretary of State agree that, important as it is to get single parents back to work—whether in Hackney or elsewhere—it is even more important that, when a kid comes out of school at 3.30, his mother is there to take him home, to help him with his homework, to keep him off the streets and to give him love, guidance and affection?

Madam Speaker: Before the Secretary of State replies, I should tell the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) that her supplementary question should have followed more closely the substantive question on the Order Paper, as should the question from the hon. Member for Gainsborough (Mr. Leigh). I hope that the House will note that, in future, supplementary questions must follow what is on the Order Paper. I will allow the Secretary of State to respond.

Ms Harman: We are backing lone mothers' desire to work. All the evidence shows that lone mothers do not want to depend on benefit—they want a better standard of living for themselves and their children, and they do not want their children to experience only benefit dependency. They want their children to know that the world of work is for them and that they cannot expect to live on benefits.

Many lone mothers want to go back to work, particularly when their youngest child starts school—after all, that is what many married or cohabiting women do. Some married or cohabiting women work during school hours in term time but not at half-term or holidays; others work during school hours and holidays and make arrangements for their children during that time.

It is not for the House to tell mothers to be at the school gates to collect their children. The House should back parents and ensure that the arrangements that they make for their children are satisfactory for them. That is why, as part of the welfare-to-work measures, we are proposing that £150 million be provided by the lottery for after-school clubs. There is enormous demand from both lone and married mothers to ensure that, after school, children can engage in activities for which time cannot

be found during the school day. That will give mothers opportunities to work, but it is not for the House to tell mothers how to do their business.

Madam Speaker: In future, the Secretary of State's responses also should relate to the question, which in this case is about Arcola street social security office and the number of single-parent mothers in Hackney, and nowhere else.

Chilean Pension Scheme

17. **Mr. Wilkinson:** To ask the Secretary of State for Social Security if she will make a statement on her assessment of the Chilean national pension scheme as a potential model for reform of the old age pension in the United Kingdom. [4352]

Mr. Denham: The Chilean national pension scheme has serious drawbacks as a model for pension provision in the United Kingdom. Only 60 per cent. of the scheme's members are contributing to it, and administration costs are high.

Our aim is to enable people to avoid poverty and dependence on the state in retirement. We will retain the basic state pension as the foundation of pension provision, strengthen occupational schemes and develop a framework for stakeholder pensions for those who are not able to join a good quality occupational scheme.

Mr. Wilkinson: In the carefree days when the Minister for Welfare Reform, as he is now, led the Social Security Committee to Chile for interviews with Dr. Piñera and other leading pension pioneers, the Committee saw the benefits of a funded scheme for Chile, which is the model that is increasingly being followed throughout the developing and industrialised world. Why does the Labour party set its face against such reform, which in Chile and elsewhere has proved both an agent for growth and a source of prosperity in old age undreamed of in countries such as ours?

Mr. Denham: I suggest that the hon. Gentleman reads the report drafted by the Select Committee on its return from Chile. He will find that my right hon. Friend reached the same conclusion that I have just reported to the House about the failings of the Chilean pension system. It is essential that we are not blind to the defects of pension schemes around the world.

Mr. Corbyn: Will my hon. Friend confirm that the Chilean pension scheme was introduced by Jose Piñera, who was part of the fascist Government of the time, that it was designed to destroy the developing welfare state in Chile and that its whole purpose was to reduce the cost to employers of any kind of national insurance system and make workers' contributions into a private insurance scheme compulsory, which is expensive, inefficient and ineffective in providing them with a decent benefit? It should have no part whatever in any consideration of welfare state development in this country.

Mr. Denham: My hon. Friend is right, I think, about the timing of those events. As we develop our pensions review over the coming months—we will announce the details shortly—we should judge proposals that are put to us, as our proposals should be judged, by their ability to enable people to achieve security in retirement. That, I suspect, will mean that we need the right balance between state and private provision and between the costs that fall on one generation and on another. As part of that, we will need to forge effective partnerships with the private sector to extend pension provision.

Mr. Clifton-Brown: I welcome the Minister to his post. Can he confirm that the pensions review will rule nothing in and nothing out, including the proposal from Dr. Piñera in Chile that we should move towards a funded pension, whether private or occupational? Would it be his view that the Chancellor should make that a priority in the Budget?

Mr. Denham: The details of the pensions review will be announced shortly and will obviously include its terms of reference. It is already a matter of record that we want the process to be open and inclusive; we want to encourage new ideas and innovative thinking while consulting on some of our manifesto commitments, such as an examination of stakeholder pensions and the possibility of a citizenship pension for carers. I hope that the outcome will be the sustainable consensus that this country needs on the future of pensions policy.

Benefit Services

18. **Mr. Hutton:** To ask the Secretary of State for Social Security if she will make a statement on the Government's plans for improving services to benefit claimants. [4353]

Mr. Field: We are reviewing how we deliver benefits to customers. In any such review, the views of customers will be crucial.

Mr. Hutton: Does my right hon. Friend agree that one way of improving services to benefit claimants would be to ensure access to good quality advice and information? What role would that play in the review of social security that his Department is undertaking?

Mr. Field: The review that we are undertaking will obviously include my hon. Friend's points. My hon. Friend the Under-Secretary, the Member for Southampton, Itchen (Mr. Denham), said earlier how we are seeking to find out why so many older pensioners do not claim the help to which they are entitled. As well as conducting national surveys, we are interested in what is happening at grass roots level. I have followed closely what my hon. Friend the Member for Barrow and Furness (Mr. Hutton) has pioneered in his constituency. We are anxious to learn those lessons and feed them into our review.

Montserrat

3.30 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (*by private notice*): To ask the Secretary of State for International Development what is Her Majesty's Government's response to the devastating volcanic eruption on the Caribbean island of Montserrat, which has resulted in serious loss of life, with eight dead, 10 missing presumed dead and a further eight missing.

The Parliamentary Under-Secretary of State for International Development (Mr. George Foulkes): I am sure that the whole House would want to join me in expressing condolences to those who have lost relatives in this dreadful disaster and in wishing all those who have been injured a speedy recovery.

In view of the seriousness of the eruption last week, my Department established a task force of officials to decide what best could be done to help the Government and people of Montserrat. As a result, we have taken a number of urgent steps. First, four helicopters were mobilised immediately, one of which has a burns treatment capability. I should express the Government's appreciation for the assistance given in the operation by the Dutch and French Governments.

Secondly, because the airport is closed, we have set up a new ferry service, which started operating yesterday, to and from Antigua. Thirdly, a senior official from our emergency aid department is on the island to help co-ordinate our contribution to alleviating the crisis. Fourthly, we are examining the possibility of setting up a helicopter shuttle service to Antigua. In addition to the funds that we had already allocated to Montserrat, a further £6.8 million has been made available for assistance.

My noble Friend Baroness Symons, who had recently paid a routine visit to Montserrat, and I had a meeting and it was agreed that she should visit the island on behalf of the Government, on the clear understanding that her visit would not distract in any way from the rescue work. I spoke to her on the telephone this afternoon and she is meeting the Government of Montserrat to discuss what further help may be necessary.

We and the Government of Montserrat accept responsibility for the both the immediate safety and the long-term future of the island. As hon. Members know, there will be debate on international development in the House tomorrow. If there is anything further to report, we will let the House know then.

Ms Abbott: The Minister will be aware that it is 16 months since the volcano first erupted. Yesterday, I met representatives of the Montserrat community in Great Britain: the Montserrat Aid Committee 89 and the Montserrat Overseas Progressive Alliance. I was also fortunate to meet the director of the health service in Montserrat, Dr. Ronnie Cooper, who was on a flying visit. They are anxious for me to put the following points to the Government.

First, there is an urgent need for housing in Montserrat because of the displacement of people from the southern part of the island caused by the earlier eruptions of the volcano. I am advised that housing is needed for more than 4,000 people. I put it to the Minister that the deaths that we have heard about this weekend were caused by the lack of housing.

I understand that the southern part of the island, which is the volcano zone, is also the main agricultural area of Montserrat. Although people were evacuated from that area, because there was no housing and sufficient arrangements for resettlement were not made, the small farmers went back to the site of the volcano to continue farming as that was the only way that they felt they could survive. Had there been proper housing and had proper arrangements been made for resettlement, they would not have lost their lives.

There are also health care issues. A school has had to become a temporary hospital and it is totally inadequate—it has outside toilets. The temporary hospital is losing health care personnel every week because of the problems.

The Montserrat community is grateful for what the Government have done, but, in view of the tragic situation this weekend and the loss of life, it asks that urgent attention be given to relocation and housing. Can interim arrangements be made to get the temporary hospital up to scratch and can more attention be given to the people of Montserrat, who are having to come here to flee the volcano?

The Minister will be aware that the people of Montserrat did not want to leave the island. They have rejected the idea of evacuating it wholesale. They are very attached to what is a beautiful island in the Antilles, but they are in desperate straits. Advisers have been sent and money has been set aside, but there has been interminable delay in decision making. Unless action is taken urgently, particularly on housing, health care and sanitation, more lives will be lost unnecessarily in that beautiful and loyal British dependency.

Mr. Foulkes: I pay tribute to my hon. Friend for her long and continuing interest in Montserrat and the area in general. We recognise the urgent need for housing. Indeed, when the most recent and most devastating eruption took place, my Department, Baroness Symons and I were discussing the long-term need for housing in the north, so that the housing and hospital facilities that are no longer usable in the south can be replaced. Our first priority now, however, is to take account of the current emergency and ensure that people are safe. We will then consider immediately the longer-term need for housing.

We are satisfied that the temporary hospital is sufficient to deal with immediate needs, but we have already started discussions about long-term hospital provision and will be discussing that immediately upon Baroness Symons's return to the United Kingdom tomorrow.

I hope that we will be able to establish the future of the island in the long term. We do not want it to be evacuated. We shall certainly encourage people to be there and will do everything in our power along with the Government of Montserrat. I am sure that my hon. Friend would not want us to take over responsibility from the elected Government of Montserrat, even though it is a dependent territory. We are working with them and we want to ensure that, in the long term, the island is viable and that people can continue to live there.

I hope that my hon. Friend will agree that it is only eight weeks since this Government took office. We have already had three or four ministerial meetings about

Montserrat. We are dealing with the matter with the urgency that it deserves because there has been a lack of concern for the long-term interests of the people of Montserrat.

Mr. David Faber (Westbury): I thank the hon. Gentleman for his statement and join him and the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) in expressing sympathy on behalf of the Opposition to the families of those who lost their lives. I welcome the action that the Government have undertaken in sending HMS Liverpool and the four helicopters that he mentioned and in making extra aid available to try to prevent further loss of life.

Will the hon. Gentleman give the House a commitment today that the West Indies guard ship, currently HMS Liverpool, which is doing such invaluable work in the area, will be maintained in its current state after the Government's defence review?

Mr. Foulkes: I welcome the hon. Member to his new responsibilities and I look forward to jousting with him across the Floor of the House on more party political occasions, and co-operating in every way possible. I also look forward to his participation in the debate tomorrow, when we can have a longer discussion of international development issues.

We are very pleased that HMS Liverpool was able to be deployed so quickly and that the Lynx helicopter on the Liverpool was used very effectively in the search-and-rescue operations. That underlines the importance of the West Indies guard ship. As for the defence review, happily that is a matter for my colleagues, not for me.

Mr. Jeremy Corbyn (Islington, North): I thank the Minister for his statement. Many people in my constituency and other inner-London constituencies come from Montserrat and are desperately concerned about their families and friends back home. They want to know that the Government's commitment to Montserrat will continue and that there will not be any cash limit put on the immediate help that is so vital, such as the hospital and housing. Above all, they want to know that people from Montserrat who came to this country after the previous eruption will not be forced to return home, and that all those in Montserrat who feel the need to come here now will be allowed in without any restrictions on their entry or their stay in this country being imposed by the Home Office.

Mr. Foulkes: I am grateful to my hon. Friend. The question about entry to the United Kingdom is, as he says, a matter for the Home Office; my Department and the Foreign Office will be discussing it with our colleagues in the Home Office.

I emphasise the importance of trying to keep Montserrat as a viable island. We hope that there will be no further eruptions, but that cannot be totally assured, so we have an evacuation plan in the event of any serious eruptions. Assuming that there is no serious eruption, we would want to keep Montserrat as a viable entity, which is why we are encouraging people to stay there. We will give them as much assistance as we can and we will work with the Government of Montserrat to try to make that possible, but if, at the end of the day, they have to seek sanctuary elsewhere, they should be treated as sympathetically as possible.

Dr. Jenny Tonge (Richmond Park): Liberal Democrat Members would also like to extend their sympathy to the people of Montserrat at this terrible time. Although I appreciate the need of the people to stay on their island, I understand that the habitable area is becoming smaller and smaller and I want to know whether, in the long term, the Government have any plans for geological surveys or volcano surveys—I do not know the scientific name off the top of my head. Are there any plans in the long term to decide whether it is worth trying to persuade people to relocate elsewhere, and to help them to do so if that is necessary?

Mr. Foulkes: I am pleased to say that the British Geological Survey has been providing seismological and volcanological advice to the Government and the people of Montserrat. We will continue to provide that seismological and volcanological advice to the people of Montserrat. Although vulcanology is not an exact science, we hope that there will not be a more serious and more fatal eruption. It is important to remember that this has been a viable island, producing rice for the European Union and acting as a haven for tourists, and we would want it to continue to be viable, if at all possible. We are working with the Government of Montserrat to try to make that possible.

If evacuation has to take place, we will consider the position as sympathetically as possible and do everything we can to make sure that the people of Montserrat are properly dealt with.

Mr. Andrew Mackinlay (Thurrock): Does not this tragedy highlight once more the fact that there is not adequate communication or facilities for communication between the legislative councils and Chief Ministers of small dependencies and this place?

I listened to the points raised by my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott). Will the Minister advise the House whether at any stage the legislative council or the Chief Minister tried to raise those points with the Foreign and Commonwealth Office or his Department? Secondly, will he put in the Library the messages from the Governor, who is responsible for these matters during emergencies, so as to indicate at what stage the gravity of the current situation was flagged up? Those messages are appropriate for scrutiny by Members of Parliament.

Mr. Foulkes: In relation to the period for which I and the Government are responsible, I totally rebut my hon. Friend's suggestion.

I met the Chief Minister of Montserrat only five weeks ago when I was in Toronto at a meeting of the Caribbean development bank. As I said earlier, my noble Friend Baroness Symons visited Montserrat, met the Government and the Opposition and discussed what was necessary in the short and the long term. We were in the process of considering all of the things that we should provide for the Government and the people of Montserrat when, unfortunately, the eruption took place. It could not be

[Mr. Foulkes]

predicted, and I do not think that even my hon. Friend would blame the present Government—or a Conservative Government—for a volcanic eruption.

Mr. Tony Baldry (Banbury): Will the hon. Gentleman reconsider his remarks about inactivity by the earlier Government, given that that Government paid for the building of a number of new schools and a new general hospital in Montserrat, which were destroyed by the volcano? Can he confirm that Montserrat receives more aid per head of population than any country in the world?

The House would like to know, if not today perhaps in tomorrow's debate, how much money are Her Majesty's Government are prepared to earmark to ensure that Montserrat is viable in future.

Mr. Foulkes: I will certainly try to ensure that the hon. Gentleman's final question is answered in tomorrow's debate—if not in the introductory speech, then in the reply for which I am directly responsible.

It is not right to compare dependent territories with other countries. We have a special responsibility for dependent territories as long as they remain in that role, which is why I said that we accept, jointly with the elected Government of Montserrat, our responsibility to the people of Montserrat; and that continues.

No doubt if the hon. Gentleman catches your eye, Madam Speaker, he will have the opportunity tomorrow to extend his contribution and tell us what the previous Government did. I do not believe, however, that he will be able to say that they acted with the sense of urgency that has been shown in the past eight weeks.

Mr. Andrew Miller (Ellesmere Port and Neston): My hon. Friend will be aware that, last year, I saw the devastation in Montserrat from a Lynx helicopter flying from the back of HMS Argyll, the West Indies guard ship on station at the time. In view of the risk to Lynx helicopters because of the nature of the dust from the volcanic explosion, is my hon. Friend satisfied that, in the event of there having to be a major evacuation, there is sufficient seaborne support to bring that about?

Mr. Foulkes: Yes. As well as providing the ferry service, which started yesterday, we have had discussions with the Governments of the other islands in the area, and we are satisfied that there is sufficient seaborne capacity to carry out an evacuation. I can say, however, that we are currently reviewing the evacuation procedures—the second issue of which was produced earlier this year—in the light of recent happenings, to ascertain whether any updating and improvement are necessary.

Hillsborough Disaster

3.47 pm

The Secretary of State for the Home Department (Mr. Jack Straw): With permission, Madam Speaker, I should like to make a statement about the Hillsborough stadium disaster.

Ninety-six people lost their lives as a result of the Hillsborough disaster, which happened on 15 April 1989. That was more than eight years ago, but no one who saw the news reports on that dreadful Saturday will have forgotten those terrible events. For those who lost loved members of their family, the pain is ever present. Following Hillsborough, Members of the House were united in their determination to do all in their power to prevent anything like that ever happening again.

After the Hillsborough disaster, a number of inquiries and investigations took place. The most thorough and wide-ranging of those was the public inquiry led by the late Lord Taylor. The terms of reference of that inquiry encompassed not only inquiring into the disaster, but making recommendations about crowd control and safety at sports events.

Lord Taylor's inquiry took oral evidence from more than 170 witnesses at public hearings during May and June 1989 and considered many hours of video evidence from different sources. In his interim report in August 1989, Lord Taylor found that the disaster had a number of causes. He did not attribute all the blame to a single cause or person, but in paragraph 278 he made it clear that, in his view,

"The main reason for the disaster was the failure of police control".

Lord Taylor made 43 recommendations in his interim report. His final report in January 1990 made a further 76 recommendations. The developments that have taken place since then in safety at football grounds and in the policing of football matches have been based largely on those recommendations. Football in this country has been transformed since the Taylor report. To a large extent, that is due to Lord Taylor's wide-ranging and soundly based conclusions.

The deaths that occurred on 15 April 1989 were also the subject of inquests conducted by the coroner of the western district of South Yorkshire. After examining the evidence, the jury at the coroner's inquest found in March 1991 that the cause of death of those who died at Hillsborough was accidental death. A further investigation was conducted by the West Midlands police, supervised by the Police Complaints Authority, to establish whether there were any grounds for criminal proceedings and to consider whether any police officer should be subject to disciplinary proceedings.

That investigation involved the taking of more than 5,000 statements and the scrutiny of all the material that had been examined previously by the Taylor inquiry. After that investigation, the evidence was sent to the Director of Public Prosecutions, who concluded that no person should be subject to criminal proceedings.

The Police Complaints Authority decided that the chief superintendent and the superintendent in charge on the day should face disciplinary charges for neglect of duty. In the event, the chief superintendent retired due to ill health in advance of a ruling by a disciplinary tribunal.

Under police discipline rules, a disciplinary hearing cannot proceed when a police officer retires before the hearing takes place. The Police Complaints Authority decided later that disciplinary proceedings against the superintendent should be withdrawn because the retirement of the chief superintendent meant that what, in effect, was a joint allegation of neglect of duty could not be heard fairly in the absence of the more senior officer.

Hon. Members will be familiar with the unhappiness of the families of those who died regarding the outcome of the inquest. They later applied for judicial review of the coroner's proceedings. In November 1993, the divisional court ruled that none of the matters raised in the judicial review proceedings justified intervention by that court in the verdict of the inquest jury.

The events surrounding the disaster have therefore been subject to investigation on several occasions. However, concerns have remained about whether the full facts have yet emerged. I have met relatives of the Hillsborough victims whose suffering is exacerbated by their belief that there are unresolved issues that should be investigated further.

Representations were made to my predecessor and have been made to me, to the Attorney-General and to the Director of Public Prosecutions. A Granada television programme in December last year dramatised the disaster and raised a number of issues that, in the view of the programme makers, represented new evidence. The programme prompted an Adjournment debate on 17 December 1996, which was led by my hon. Friend the Member for Liverpool, Walton (Mr. Kilfoyle), and to which my predecessor, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), replied. I know how seriously my predecessor viewed the matter.

Since that programme, further material has been submitted on behalf of the Hillsborough families support group. Those representations have related in particular to video evidence of the disaster and to medical evidence about the time of death of the victims. My Department, the office of the Attorney-General and the Crown Prosecution Service have considered very carefully all the evidence that has been put forward in recent months. The Director of Public Prosecutions has taken the view that the material so far presented to her would not justify fresh criminal proceedings. The former Attorney-General, the right hon. and learned Member for North-East Bedfordshire (Sir N. Lyell), also took the view—again, on the basis of the material presented to him—that any application to the High Court for a new inquest would not have any realistic prospect of succeeding.

None the less, I am acutely conscious that the families of those who died at Hillsborough and many others, including hon Members, are very concerned that unresolved issues remain. I am determined to go as far as I can to ensure that no matter of significance is overlooked and that we do not reach a final conclusion without a full and independent examination of the evidence.

The Attorney-General, the Director of Public Prosecutions and I have therefore agreed that it is in the public interest to establish an independent scrutiny to ascertain whether there now exists any new evidence relating to the disaster which was not previously available. We are appointing Lord Justice Stuart-Smith, a senior Lord Justice of the Court of Appeal, for that purpose. His full terms of reference are as follows:

"To ascertain whether any evidence exists relating to the disaster at the Hillsborough Stadium on 15 April 1989 which was not available:

(a) To the Inquiry conducted by the late Lord Taylor; or

(b) To the Director of Public Prosecutions or the Attorney General for the purpose of discharging their respective statutory responsibilities; or

(c) To the Chief Officer of South Yorkshire Police in relation to police disciplinary matters;

And in relation to (a) to advise whether any evidence not previously available is of such significance as to justify establishment by the Secretary of State for the Home Department of a further Public Inquiry; and in relation to (b) and (c) to draw to their attention any evidence not previously considered by them which may be relevant to their respective duties; and to advise whether there is any other action which should be taken in the public interest."

I shall place a copy of those terms of reference in the Library.

We have asked Lord Justice Stuart-Smith to examine all the written and other evidence that has been submitted. He will also consider any further material that interested parties wish to submit to him. He will have two tasks. The first is to advise me whether any evidence not previously available is of such significance as to justify a further full public inquiry. His advice to me will be made available to the House, and will be made public. Secondly, Lord Justice Stuart-Smith will identify for the Attorney-General, the DPP and the chief constable of South Yorkshire police any evidence that might be relevant to their decisions that has not previously been considered.

I hope that this examination will enable us to establish conclusively whether material evidence about the causes of the Hillsborough disaster has been overlooked. I assure the House that, if it has, I will take whatever action is needed. We owe it to everyone who has been touched by the tragedy, but, above all, to the families of those who died to get to the bottom of the matter once and for all.

Dr. Brian Mawhinney (North-West Cambridgeshire): I thank the Home Secretary for his statement and for his personal courtesy in relation to it.

What happened at Hillsborough was a tragedy of almost unimaginable proportions. Thousands of people—young and old alike—went to a football game; 96 did not return and others were injured. Those realities have blighted the lives of thousands of people for ever. There remain hurt and loss from which, in varying degrees, those people may never recover, and we are all affected by their suffering.

We owe it to the families and friends of those who died, to members of the police force and the other emergency services and to all who believe in justice to ensure—in the Home Secretary's words—

"that no matter of significance is overlooked and that we do not reach a final conclusion without a full and independent examination of the evidence."

I agree with the right hon. Gentleman on that. I welcome his announcement and will support Lord Justice Stuart-Smith in pursuing that important examination.

I have four specific questions to ask the Home Secretary about his statement. First, given the urgency involved—not least for those most affected by those

[Dr. Brian Mawhinney]

terrible events; primarily the families, but also the police officers—what timetable does the right hon. Gentleman envisage, and can the House have his assurance that the process will begin immediately?

Secondly, the Home Secretary said that he would make Lord Justice Stuart-Smith's advice to him available to the House and the public. Will he also publish all the evidence considered by the lord justice on which that advice was based?

Thirdly, the right hon. Gentleman has said that Lord Justice Stuart-Smith will consider any further material that interested parties wish to submit. Will such material be examinable in public and will those who may be affected by such material be given the opportunity respond to it before the lord justice reaches any conclusions?

Finally, given the sensitivity of this matter and the Home Secretary's constructive attitude, which I hope he feels that I have reciprocated, will he undertake to agree with his right hon. Friend the Leader of the House that the House can debate this matter further when Lord Justice Stuart-Smith has concluded his investigation?

Positive responses by the right hon. Gentleman to those four questions will help to reassure the families that we are genuinely seeking to help.

Mr. Straw: I thank the right hon. Gentleman for his remarks and for his courtesy. If it is not wholly inappropriate, I also congratulate him on his appointment as shadow Home Secretary. I am extremely grateful to him for his welcome for these proceedings. This is not and never has been a matter of party controversy. As I have said, I know how seriously my predecessor, the right hon. and learned Member for Folkestone and Hythe, took this matter.

The right hon. Gentleman asked four questions, the first of which was on the timetable. Lord Justice Stuart-Smith has told me that, subject to a case that he is currently hearing in the Court of Appeal being concluded as soon as possible, he intends to do some work in respect of the new duties before the end of July, and to start his proceedings in September. We hope that the matter will be concluded and that he will be able to produce his report by the end of the year. However, the House will understand that that is a judgment which only Lord Justice Stuart-Smith can make in the light of all the representations that he receives.

Secondly, the right hon. Gentleman asked whether, in addition to publishing the advice that I receive from Lord Justice Stuart-Smith, I will publish all the evidence that is considered by him. My answer to the right hon. Gentleman is provisional. I shall do my best to ensure that that is the case, but there may be good reasons—for example, in respect of criminal or disciplinary proceedings—why such evidence cannot be published at the same time as the advice is published. However, if evidence is to be unpublished, I shall make that clear at the time.

Thirdly, the right hon. Gentleman asked whether there can be examination in public and whether the families and others would be able to make representations. The answer to the latter part of the question is yes. As the House would expect, the exact proceedings of the scrutiny are matters for Lord Justice Stuart-Smith to decide, and he will base his decision on his long experience as a senior member of the judiciary.

The fourth issue that the right hon. Gentleman raised was whether, when the advice is received, I would discuss with my right hon. Friend the Leader of the House the matter of a debate. Of course I shall do that.

Maria Eagle (Liverpool, Garston): I congratulate my right hon. Friend on his statement. I also congratulate Granada Television and Jimmy McGovern, whose efforts have brought this matter back to the attention of the House. Can my right hon. Friend assure the House that the families who have fought for so long will have the opportunity of legal representation to enable them to present their cases, whether orally or in writing, to the Lord Justice? Will they receive some financial assistance to enable them to do that?

Mr. Straw: I am grateful to my hon. Friend for her remarks, and for her welcome for the statement. The costs of those who have to travel to appear before the scrutiny will be met by my Department. My hon. Friend asks about legal representation. That issue has not been raised by me during my discussions with the families. I understand that they already have legal representation. If a further issue arises, I shall, of course, consider it.

Mr. A. J. Beith (Berwick–upon–Tweed): Is the Home Secretary aware that Liberal Democrat Members welcome this focused re-examination of the evidence, including recently found evidence, on these terrible events, which have been etched into the minds of all the people who saw the television coverage at the time and etched dreadfully into the lives of the people who lost family members; but will he confirm that it is very unlikely—and perhaps impossible—that police discipline proceedings could be reopened as a result of what might be found in the inquiry?

Does he recognise that the public find it difficult to understand how police discipline proceedings can be brought to a halt when retirement on health grounds takes place before the hearing has begun? Given that Lord Taylor's main recommendation was that, although there were many factors, the main reason for the disaster was the failure of police control, that will leave questions in the public mind, which will pass beyond the inquiry into what can be done when conclusions are reached.

Mr. Straw: I thank the right hon. Gentleman for his welcome for my statement. He asked me to say that further police discipline proceedings would be very unlikely. That is to anticipate the view that Lord Justice Stuart-Smith may or may not come to, and, with great respect to the right hon. Gentleman, I shall not do that. He also invites me to make general comments on police discipline regulations. There may be an occasion to debate the generality of such regulations, but I do not believe that now is the time.

I say only that the police discipline regulations exist and have been approved from time to time by the House; they are statutory regulations. It is, of course, open to Secretaries of State and to the House to change them in the light of circumstances.

Helen Jackson (Sheffield, Hillsborough): I am sure that the Home Secretary realises that the most tragic

trauma of the event was suffered by the families of the Liverpool fans who attended the match, but it was also one of the most traumatic events in their history for the people of the Hillsborough area of Sheffield—the links that they have made and maintain with families in Liverpool bear witness to that. While he considers the evidence that, I believe, he is rightly having another look at, will Lord Justice Stuart-Smith consider in detail the lessons to be learned both for the communities living around big football stadiums and for the policing of football matches?

Mr. Straw: I accept entirely what my hon. Friend said: this tragedy went beyond the people directly affected who were supporters of Liverpool football club and traumatised the people living around Hillsborough and all the people in Sheffield and in south Yorkshire as well. We should not forget that, on that day, there were many individual acts of great courage by people from south Yorkshire, by people in the police, fire and ambulance services and by many other ordinary citizens.

My hon. Friend asked me whether wider lessons, including lessons about the policing of football matches, can be considered by Lord Justice Stuart-Smith in his scrutiny. The answer to that, I am afraid, is that we do not anticipate that they can be. The scrutiny will look at new evidence that has come forward since the earlier inquiries, to find out whether that evidence is sufficiently significant to trigger either a new public inquiry, ordered by myself, or action by the Attorney-General, the Director of Public Prosecutions or the chief officer of South Yorkshire police. I do not believe that, at any stage since the late Lord Justice Taylor reported, there has been any criticism of his wider recommendations, most of which have been implemented, on the policing of football matches and on crowd control.

Mr. Tony Baldry (Banbury): I am sure that no hon. Member would challenge the judgment that the Home Secretary has come to today, but will he confirm that, in his statement, he said that, on the evidence submitted to her, the Director of Public Prosecutions had concluded that nothing justified fresh criminal investigations? Could he give two undertakings to the House: that, in due course, Lord Justice Stuart-Smith will make it clear what new evidence he is considering that was not available to the Director of Public Prosecutions in making that judgment, and why that evidence was not available earlier?

Mr. Straw: I can confirm exactly what the hon. Gentleman says. I said that the Director of Public Prosecutions has taken the view that the material so far presented to her would not justify fresh criminal investigations. I also referred to a judgment made by the former Attorney-General, the right hon. and learned Member for North–East Bedfordshire (Sir N. Lyell), but I ought to make it clear that, as I understand it—as I am informed—he based that judgment on information other than that which arose following the television programme screened last December.

It is in the nature of asking a senior and highly respected judge of the Court of Appeal to look at all the fresh allegations and the fresh evidence that he may come to a different view from that which the Director of Public Prosecutions has so far come to on the evidence that she has available. That is not in any sense to imply any criticism of the work of the Director of Public Prosecutions or the Crown Prosecution Service.

Mr. Andrew Miller (Ellesmere Port and Neston): On behalf of constituents of mine who were so tragically affected by this event, may I ask my right hon. Friend whether the fresh inquiry will bring about some consideration of the way in which the coroner's court conducted its affairs during the inquiries immediately after the deaths? Does it constitute the possibility of fresh evidence—evidence that should have perhaps come to the coroner's court earlier—now becoming more widely available?

Mr. Straw: There has been continuing concern about the way in which inquests generally are conducted. There was a working party report into large-scale disasters and inquests, which recommended significant changes, including a change whereby if there were, God forbid, a disaster of a similar scale and nature in the future, there would be one inquiry similar to that conducted by the late Lord Justice Taylor, which would be the general public inquiry and also take the form of an inquest, so that the relatives would be spared going through the agony caused by two separate inquiries.

The issue of the way in which the first inquest was conducted was the subject of great consideration by the divisional court when there were proceedings for judicial review. It is a matter for Lord Justice Stuart-Smith, but I expect that he will not wish to go over that ground but will instead, as part of his scrutiny, wish to consider with great care the new allegations of evidence not put before the inquest—especially, as the House is well aware, arguments about the time of death which, in the view of the relatives and programme makers, the inquest was not properly able to take into account.

Mr. Nicholas Soames (Mid–Sussex): I warmly welcome the right hon. Gentleman's statement and the measured and sensitive way in which he outlined his plans. I take the point about the issue of police discipline in respect of this inquiry, but will he nevertheless undertake to consider a re-examination—not necessarily in the light of these events, but more generally—of the police disciplinary code, which provides that, once an officer has retired, any matters under investigation lapse? Does he agree that that should be reconsidered, and will he undertake to do so?

Mr. Straw: Yes, without reference to this particular case, I accept that many members of the public regard it as odd that, when an officer retires, that is the end of all disciplinary processes. However, one of the things on which I am currently taking advice is the fact that, as I understand it, regulations expect chief officers not to permit the retirement of officers on grounds of ill health where disciplinary proceedings are still pending. There is, therefore, an issue not only of whether disciplinary regulations should be changed, but of whether chief officers of police are properly fulfilling the terms of existing regulations. Both these matters are subjects that I wish to investigate.

Ms Louise Ellman (Liverpool, Riverside): I welcome the Home Secretary's statement, in that it opens up the

[Ms Louise Ellman]

possibility of justice for the families whose lives have been so cruelly devastated. Is my right hon. Friend able to assure the House that, while the inevitable legal considerations take place, he will keep in mind the prime consideration of the feelings of the families involved and their belief that they have been denied justice, in that information was not brought forward at the appropriate time?

Mr. Straw: Of course I give that assurance to my hon. Friend. I made the decision to ask Lord Justice Stuart-Smith to conduct further scrutiny because I felt that there was fresh evidence that required proper and independent examination. In reaching that decision, of course I took full account of the profound distress and grief felt by relatives of those who lost their lives. As I said in my statement, those feelings have been compounded by a belief that some aspects of the tragedy—its causes and the culpability of those whose actions may or may not have led to the tragedy—have not been fully examined.

Mr. Damian Green (Ashford): I am sure that the Home Secretary will be aware that, although the events of that day were particularly traumatic for the people of Liverpool and of Sheffield, they were traumatic also for football fans across the country. He will also be aware that, in the past 12 months, after years in which the incidence of hooliganism at and around football matches was declining, there have been worrying signs that hooliganism is beginning to increase. In the light of his answer to the hon. Member for Sheffield, Hillsborough (Helen Jackson) that Lord Justice Stuart-Smith will not be able to consider the wider issues arising from the Hillsborough tragedy, will he tell us whether, ultimately—should the incident be examined by a public inquiry—a public inquiry will be able to consider the wider issues of crowd control and policing at football matches?

Mr. Straw: For well over the past 10 years, I have taken my children to football matches. The hon. Gentleman is right to say that, since implementation of Lord Taylor's recommendations, there has been profound improvement in football fans' behaviour at and around football grounds. The recommendations have led also to significant improvements in policing football matches. Now—as we saw during Euro 96—it is a pleasure to take anyone, including one's children, to football matches. Ten years ago, as I know for certain, it was often a frightening experience. I have received no representations that there need to be changes in the criminal law to deal with crowd control at football matches, although I will consider any such representations that might be made.

I should make it clear that the purpose of Lord Justice Stuart-Smith's scrutiny will be to consider the fresh evidence that has become available on the Hillsborough tragedy. I cannot anticipate the full terms of reference of any full public inquiry that I may establish. As I said earlier in answer to my hon. Friends, however, what is clear and beyond peradventure is that no one has criticised Lord Taylor or the way in which he conducted his inquiry, particularly on crowd control at football matches.

Mr. Edward O'Hara (Knowsley, South): May I again express my condolences to the Hillsborough families? Those of us from Merseyside know that, to this day, the nerves are still raw and the pain is still tangible when Hillsborough and Leppards lane are mentioned. I should therefore like to associate myself with the remarks made by my hon. Friend the Member for Liverpool, Riverside (Ms Ellman) that, in the previous inquiry, the feelings of Hillsborough families were shamefully neglected.

May I pursue that point and ask my right hon. Friend whether Lord Justice Stuart-Smith's terms of reference will extend to consideration of past and possible future governmental support for those families? Although very strong support was provided—particularly locally, but also nationally—to those families in their grief, the amount of Government support was pitiful. Will the Lord Justice's terms of reference extend also to examining certain newspapers' disgraceful accusations about the behaviour of fans who were killed, at a time when their families were feeling such pain?

Mr. Straw: I understand entirely the feelings of my hon. Friend, expressed on behalf of his constituents. He asked me whether the terms of reference extend to future Government support to the families. They do not. With great respect to my hon. Friend, I make no apologies for that. The scrutiny by Lord Justice Stuart-Smith is to ascertain whether any evidence exists relating to the disaster at the Hillsborough stadium that was not available to the Taylor inquiry, the inquest, the Director of Public Prosecutions in respect of criminal prosecutions or the chief officer of the South Yorkshire police. As has been said, it is a focused scrutiny, led by someone who is senior and respected on the Court of Appeal bench to carry out a specific task that I believe the families have asked us to do.

Mr. Ronnie Fearn (Southport): I welcome the statement as a Merseyside Member, at the end of a line that connects most supporters of Liverpool football club. From what I remember—I was in the House at the time—many people said that they had recollections of what happened, but never came forward because they were terrified to give evidence. Can we make an appeal—from the House or through the lord justice—to ordinary people and ask them to stretch their memories once more and, if they were frightened to do so at the time, to come forward now with any new evidence? That is a crucial part of the procedure.

Mr. Straw: If there are any individuals who have material evidence that was not produced at the inquiry conducted by the late Lord Taylor, at the inquest or in relation to the police disciplinary investigation by West Midlands Police, I appeal to them to come forward.

I did not properly answer the second part of the question from my hon. Friend the Member for Knowsley, South (Mr. O'Hara) in relation to allegations by newspapers. Although I shall not go into that, let me make it quite clear that Lord Taylor's report dismissed entirely the allegations made by certain newspapers and clearly came to the view that the principal reason for the disaster was the failure of police control. I hope that remains a matter of reassurance for the families.

Mr. Joe Ashton (Bassetlaw): I declare an interest as a director of Sheffield Wednesday football club and an eye witness to the event who was no more than 50 yards away

before and after the game. The only other hon. Member who was an eye witness was Eddie Loyden, who has since left the House. Sheffield Wednesday football club has the deepest sympathy with the victims and will be happy to co-operate in any way with the inquiry.

I have two questions for my right hon. Friend. First, will the evidence be given on oath? There is a great interest in that. Secondly, he will recall that the previous inquiry cost some £250,000, excluding compensation. Will the Government pay for the inquiry and refund all the expenses to the parties concerned, including the witnesses and relatives of the victims? Will it be possible to reopen the matter of compensation? Can he give us some information about that?

Mr. Straw: I am very grateful to my hon. Friend, especially given his position as a director of Sheffield Wednesday football club. He asked whether evidence before the scrutiny by Lord Justice Stuart-Smith will be given on oath. We are not planning that that should be the case. If Lord Justice Stuart-Smith considers that he has inadequate powers to conduct the scrutiny, I shall actively consider any such representations from him, but I do not expect that it will be a problem, given the nature of the scrutiny that we are asking him to undertake in respect of the new evidence.

My hon. Friend asked whether the Government will pay the costs of the inquiry. We shall certainly pay for the cost of the inquiry itself and will refund the travelling and incidental expenses of those who appear before it to make representations. I dealt with the issue of legal representation, which is a much wider issue. So far, I have had no calls for legal aid. That would involve some large decisions to which I cannot commit myself. With respect to my hon. Friend, the issue of compensation for trauma suffered does not arise as a result of this scrutiny.

Mr. Dennis Skinner (Bolsover): Does my right hon. Friend recall that, a short time before the general election, traumatised policemen were awarded substantial sums because they had witnessed the horrific events? It is well known that many of the Liverpool families of the victims have not received anything. I take it, from his answer today, that compensation will not be dealt with by the inquiry. Will he give a guarantee that, if the results of the inquiry lean in the direction that many of us hope for, consequential payments could be made to those Liverpool families?

Mr. Straw: The issue of some police officers receiving compensation while some of those who were on the terraces have not is not a matter for this scrutiny—not because it is unimportant, but because it is not directly related to the need for the scrutiny, which is to examine allegations of new material evidence. If that new material evidence is found to exist, it should trigger a new public inquiry or action by the Attorney-General, the Director of Public Prosecutions or the chief officer of the police.

I fully understand the concerns that have been expressed by hon. Members on both sides of the House about the payment of compensation to police officers and its unavailability to others who were there. The issue could be raised in the debate that I promised to discuss with my right hon. Friend the Leader of the House in response to the shadow Home Secretary.

Mr. Mike Hall (Weaver Vale): I represent a number of families who lost loved ones in the Hillsborough disaster and a number of people who were severely injured there. I am sure that the Hillsborough families support group will welcome the independent review of the evidence. Will that review look at the events that took place between 3.15 and 5.30 pm? The issue is very important for many of my constituents. I hope that what my right hon. Friend has announced today will lead to a full public inquiry.

Mr. Straw: The answer to my hon. Friend's first question is an unequivocal yes. One of the major issues raised by the Granada Television programme and by the families, support group is the time of death—whether it was 3.15 for all those who died or whether it was later for some. Lord Justice Stuart-Smith will examine that critical issue.

Points of Order

4.26 pm

Mr. Michael Ancram (Devizes): On a point of order, Madam Speaker. With reference to the point of order raised by my hon. Friend the Member for Ribble Valley (Mr. Evans) on Friday, have you had time to complete your consideration of the letter that he sent you about the behaviour of the Secretary of State for Wales and its implications for the rights of Members of this House?

In particular, as the further public utterances of the Secretary of State and the hon. Member for Blaenau Gwent (Mr. Smith) are so contradictory that they cannot both be telling the truth, and given the Prime Minister's categorical assurances to the House last Wednesday, is it not paramount for the reputation of the House and the rights of its Members that the Secretary of State for Wales should make a personal statement to the House at the earliest opportunity?

Madam Speaker: I have now seen the letter written to me by the hon. Member for Ribble Valley (Mr. Evans). As the House will understand, I do not divulge details of correspondence between myself and individual Members. I have responded to him today. I have no comment about the particular case that the right hon. Gentleman has raised, as the full facts are not available to me. As a matter of principle, however, I say clearly that freedom of speech is one of the most cherished privileges of parliamentary democracy. I expect Members to exercise that fundamental right at all times to the fullest extent.

Mr. Simon Hughes (Southwark, North and Bermondsey): On a point of order, Madam Speaker. Is it appropriate to ask you, about half an hour before the end of British rule in Hong Kong, to express on behalf of the House two thoughts that are probably strongly in the minds of all Members of Parliament—those who have been privileged to go to Hong Kong and those who have not? First, very simply, will you pay tribute to all those who served the Crown and the people of Hong Kong during the past century and a half, including those in the legislative council? Secondly, will you express the hope of this Parliament that the democracy that has been cultivated in Hong Kong will be able to continue from midnight tonight throughout the years ahead?

Madam Speaker: I know that the hon. Gentleman recognises that that was not a point of order. But it is a very exceptional day for this country and for Hong Kong, and I appreciate the fact that he has raised the matter with me.

Several hon. Members *rose—*

Madam Speaker: Order. I have not yet finished. I am still on my feet.

Mr. Dennis Skinner (Bolsover): Manners!

Madam Speaker: Yes, let us have some courtesy and a few manners.

I say simply that I know that the thoughts of the House are with the people of Hong Kong, particularly today. We certainly wish them success and all happiness in the future.

I should like to pay my own personal tribute to the work of the elected legislative council, which I had the pleasure of visiting a couple of years ago. From this democratic institution, which is often known as the mother of Parliaments, our thoughts go to Hong Kong, as do our best wishes for the future.

Mr. Eric Forth (Bromley and Chislehurst): On a point of order, Madam Speaker. You will be aware that, over the weekend, we heard accounts of the failure to declare certain trips and other things by hon. Members who—I think—are now members of the Government. Will you guide me and the House on whether the matters will be looked into automatically by the Commissioner for Standards and Privileges, or whether any further action is required in order for him to consider the very grave matters that emerged in the press over the weekend?

Madam Speaker: As far as I am aware, such matters are not automatically referred to the Commissioner for Standards and Privileges. It is for an hon. Member to refer them. If the right hon. Gentleman wishes to do so, I think that it would be appropriate if they were submitted to the Commissioner for Standards and Privileges.

Mr. Simon Burns (Chelmsford, West): On a point of order, Madam Speaker. I seek your guidance in that, during Social Security questions this afternoon, my hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) asked the Minister for Welfare Reform, the right hon. Member for Birkenhead (Mr. Field), about an estimated £300 million-worth of taxpayers' money that is expected to be involved in the welfare-to-work programme. The right hon. Gentleman side-stepped the issue, although quite clearly from his body language, he knew exactly what my hon. Friend was talking about. On reflection, has the right hon. Gentleman contacted you with a view either to seek to amend the *Official Report* or to make a statement to make it clear that he knew exactly what my hon. Friend was talking about concerning the costs?

Madam Speaker: The right hon. Member has not done so. Nor is that a point of order for me. [HON. MEMBERS: "A good try."] It was not even a good try.

Scottish Grand Committee

4.32 pm

The Minister for Home Affairs and Devolution, Scottish Office (Mr. Henry McLeish): I beg to move,

That—

(1) during the present Parliament, Standing Orders Nos. 99 (Scottish Grand Committee (substantive motions for the adjournment)) and 100 (Scottish Grand Committee (sittings)) shall have effect subject to the following modifications—

(i) in paragraph (3) of Standing Order No. 99, for lines 19 to 30 there shall be substituted—

"(3) The days specified for the consideration of motions for the adjournment of the committee under this order shall be allocated as follows—

(a) four at the disposal of the government;

(b) two at the disposal of the leader of the largest Opposition party in Scotland; and

(c) two at the disposal of the leader of the next largest Opposition party in Scotland:"; and

(ii) in paragraph (1) of Standing Order No. 100 there shall be substituted for the word "twelve" in line 21 the word "eight".

(2) the Speaker shall put forthwith the Question on any Motion to vary the provisions of this Order, and proceedings thereon may be disposed of after the time for opposed business.

I welcome the right hon. Member for Devizes (Mr. Ancram) and the hon. Member for North Essex (Mr. Jenkin) to their new Opposition Front-Bench positions. I am not entirely clear at this stage what those positions are, but I am sure that it will become evident over the next few weeks and months. I certainly extend my good wishes for their work in the House.

The motion will enable new arrangements for the Scottish Grand Committee to be put in place. They flow from the fact that there are now no Scottish constituencies represented by members of the official Opposition. The Government have carefully considered what role the Scottish Grand Committee should play in the next year or so prior to the Scottish Parliament coming into being. We have taken into account the views of the other two Opposition parties that have members who represent Scottish constituencies.

The previous Government had their own reasons for reinventing the Scottish Grand Committee as a forum for Scottish issues. Those reasons need not detain us; what matters is what we have inherited. The Scottish Grand Committee can debate matters that relate to Scotland, and all members of the Government can contribute to those debates. Lords Ministers, including the Lord Advocate and the Solicitor-General for Scotland, can also attend to make statements and answer questions. Second and Third Readings of Scottish Bills can be held in Scottish Grand Committee whenever it makes sense to do so. Scottish questions are now a regular feature of the Scottish Grand Committee.

Mr. Norman A. Godman (Greenock and Inverclyde): Was any consideration given to limiting the length of speeches at Scottish Grand Committee meetings? My question is prompted by the prospect of the hon. Member for Orkney and Shetland (Mr. Wallace), who is a fine man, with a penchant for long speeches, becoming the leader of the Opposition in Scotland.

Mr. McLeish: The Standing Orders governing the debates in the Grand Committee allow the imposition of a time limit on speeches. The Chairmen may have failed so far to take up my hon. Friend's interesting suggestion.

Over the past few years, we have also experienced other changes. The Scottish Grand Committee has met much more frequently, up to 12 times a year, and most sittings have been held in local venues the length and breadth of Scotland, often outwith the central belt. The travelling roadshow, as some of my hon. Friends have described it, may have had its inconveniences for Committee members, but there is no doubt that it has struck a chord with the general public. Far more people turned out to watch the Scottish Grand Committee in action in Aberdeen—fighting their way through a snow storm to do so—than would ever be likely to come to see us at work in the House. There is no doubt that the travelling roadshow has stimulated public interest in the workings of government in Scotland.

This Government are keen to see the Scottish Grand Committee continue to operate as a forum for all Members of Parliament from Scottish constituencies to consider matters of relevance to Scotland, whether by means of debate, questions or statements. We intend that the Scottish Grand Committee should operate in the future much as it has done in the past. Precisely because of that, we are opposed to any change to current Standing Orders to add a few token English Conservatives to the Committee. We believe that they would have no locus in the Committee's business.

No doubt there will be opportunities in plenty for official Opposition Members to state their case on constitutional and other matters. That is as it should be.

Mr. Bernard Jenkin (North Essex): I am grateful to the Minister for his kind remarks about the appointment of my right hon. Friend the Member for Devizes (Mr. Ancram) and me. In view of the nil representation of Labour Members in Northern Ireland, what representation does the Minister think it would be appropriate for Labour to have on the Northern Ireland Grand Committee?

Mr. McLeish: The hon. Gentleman will appreciate that different Standing Orders cover the appointment of additional members to the Scottish and the Northern Ireland Grand Committees. The Standing Orders prepared and implemented by the Opposition, when in government, do not give the Scottish Grand Committee that opportunity.

The Scottish Grand Committee is a forum for all Members from Scottish constituencies to consider issues of relevance to Scotland. The official Opposition have no Members from Scottish constituencies and they therefore have no place on the Scottish Grand Committee. The motion amends current Standing Orders to delete reference to the official Opposition, and to provide instead for Opposition day debates to be divided between the two Opposition parties that have Members for Scottish constituencies.

The motion also reduces the maximum number of sittings of the Scottish Grand Committee annually from 12 to eight. That reflects the reality of the extent to which Scottish business is likely to dominate business here at Westminster in the coming year. The Government's top priority is to establish a Scottish Parliament; in the short term, sittings of the Scottish Grand Committee, valuable though they are, will have to take second place. For the same reason, we expect the bulk of the sittings in the coming Session to be held at Westminster. We recognise,

[Mr. McLeish]

however, the value of continuing to take the Scottish Grand Committee to venues around Scotland, and that will also be accommodated in the forward programme.

Of the eight sittings in the programme, the Government propose to share those out on the basis of four Government days, two Liberal Democrat days and two SNP days. We expect the full range of business—debates, questions, statements and legislation—to continue to be handled in the Scottish Grand Committee.

The overall shape of the programme will be as follows. On Tuesday 8 July, there will be oral questions and a Liberal Democrat debate on the implications for Scotland of the Budget. Before the summer recess, there will be a debate on a Government subject, which will be held in Scotland. There will be a debate on an SNP subject before Christmas. In the spring, there will be three further Government debates, and two further debates chosen by the Liberal Democrats and the SNP respectively. All three Government debates during that period will be held at Westminster.

To sum up, the Government propose to continue the Scottish Grand Committee in the way developed by the previous Government. We take the view that major change is unnecessary, and in any event inappropriate, given our plans to establish a Scottish Parliament as quickly as possible. The Scottish Grand Committee will continue to be able to call the Government to account on all issues affecting Scotland. It will continue to provide a working forum for parliamentary handling of Scottish business.

From time to time, there will be opportunities to take the Scottish Grand Committee north of the border, so that the people we serve can see how we serve them. The changes set out in the motion are sensible, minimal changes to enable the Scottish Grand Committee to continue to get on with its work. I commend them to the House.

4.39 pm

Mr. Michael Ancram (Devizes): I thank the Minister of State for his good wishes on my appointment and that of my hon. Friend the Member for North Essex (Mr. Jenkin) to our Opposition positions. I was a little puzzled by the Minister's answer to my hon. Friend about a Northern Ireland Grand Committee, and the Standing Orders being different. The Welsh Grand Committee has met today with no Conservative presence—although the Standing Orders allow for it—because the Government decided in the Committee of Selection to make sure that no Conservative was allowed to take up the place available. I am not sure that his answer held water, although we shall leave that matter for now.

In light of current political affairs in Scotland, the motion might appear innocuous—that is what the Minister said—but it is important that we have this chance to debate it, because there are political implications of a constitutional nature which go far beyond the idea of good housekeeping. I must concede that, given the current state of parliamentary representation in Scotland—and therefore on the Scottish Grand Committee—I would find it hard to insist that the official Opposition should retain the right to nominate motions for the Adjournment when we have no Member entitled to take part in the debates. However, deeper constitutional implications must be considered.

The Scottish Grand Committee is, after all, a Committee of this House and of the United Kingdom Parliament, in which we are the official Opposition. For the moment, that constitutional reality cannot be given practical effect in the Scottish Grand Committee—hence the motion. I would like an assurance from the Government that when we win back parliamentary representation in Scotland at by-elections—as we can confidently expect in the nature of things—the motion will be reviewed and reconsidered to reflect the fact that the official Opposition are represented once more within the Grand Committee.

Without such assurances, today's motion would be a dangerous slide away from the constitutional framework within which this United Kingdom and Parliament have operated. It would undermine the Union and could be seen as the first step on a slippery slope toward the break-up of the United Kingdom.

Mr. McLeish: I am trying to share the optimistic note struck by the right hon. Gentleman about the Conservatives winning by-elections in Scotland. Paragraph 2 of the motion allows for the Standing Orders to be considered and amended, and his point will be taken care of by that provision.

Mr. Ancram: I am grateful for that assurance, and I take it that it goes further than the "maybe" that is implied. I hope that, if we were to win a by-election, the Minister would accept my argument. He is nodding, for which I am grateful.

I am dismayed to find that the number of sittings of the Grand Committee is to be reduced from 12 to eight. Contradicting the Government's much-vaunted concern for Scottish affairs, we see a continuation of a pattern that seeks to downgrade the consideration of Scottish issues in this House. There is now less time for Scottish questions and fewer Grand Committee debates. What next? With the Government increasingly determined to close down the opportunity to scrutinise Scottish affairs or bring them to account, I fear that we can expect more motions of this kind.

Perhaps the Minister will tell us whether this is the beginning of the dismantling of the Grand Committee, even before the people of Scotland have had the chance to declare on the question of the future governance of Scotland. What are the Government's intentions for the Grand Committee? When Scotland says no in the referendum, do they intend to review those intentions? Why will they not await the outcome of the referendum before making these moves? Do they cynically believe that downgrading the Scottish Grand Committee will increase the pressure for a yes vote? I can tell them that, if they do, they will be mistaken.

What are the Government's long-term intentions for retaining a strong voice for Scotland within this Parliament to ensure cohesion within the United Kingdom? We are becoming accustomed to the disdain with which the Government treat both Parliament and the spirit of democratic accountability. Even today in another Grand Committee, the voice of democratic opposition to Welsh devolution has been deliberately excluded, contrary to the spirit of the Standing Orders.

The Government may believe that, because of their majority, they can do what they like, but they tamper with constitutional proprieties, at great risk to the careful

balance of democratic accountability that is essential to the working of our democracy. That the voice of dissent is heard and that the structures for hearing it are cherished are central tenets of democracy. Anything that undermines those structures undermines democracy, and the Government should be careful that—in their arrogance—they do not destroy precious and hard-won rights.

Mr. John Maxton (Glasgow, Cathcart): For the right hon. Gentleman—the Minister who took the poll tax legislation through the House—to talk to us about accountability and democracy in Scotland is outrageous.

Mr. Ancram: The hon. Gentleman may recall that he was leading for the Opposition at that time and he had every opportunity to voice his dissent.

Mr. Maxton: On a guillotine motion.

Mr. Ancram: I am talking about a reduction of opportunities to voice dissent. I remind him that the guillotine came very late in the Bill, after much discussion—largely by the hon. Gentleman.

The motion is, in practice, hard to resist, but nevertheless raises serious concerns. One swallow does not a summer make and the motion is one of a line of swallows, beginning with the deliberate gagging of debate on significant democratic and constitutional issues during consideration of the Referendums (Scotland and Wales) Bill. It is part of a pattern that is profoundly disturbing to those of us who cherish our democratic principles.

It may be that this gagging of dissent and curtailing of debate—the Government's blustering approach—are part of a strategy to force through constitutional reforms such as devolution in which the Government have lost confidence in their own arguments and proposals. If so, it is even more cynical and even less acceptable.

In conclusion, we will not sit idly by and watch our constitution be so abused or our democratic procedures so callously manipulated. Today's motion is a minor element, but it is a step on a slippery slope which the British people would reject were they to see it. We will make sure that they do see it, for it is their constitution that is challenged.

4.45 pm

Mr. Norman A. Godman (Greenock and Inverclyde): The right hon. Member for Devizes (Mr. Ancram) presents a somewhat confused perspective on devolution. If, on a Monday, he is in Belfast, he argues passionately for devolution. If, on a Tuesday, he is in Glasgow or Cardiff, he argues against political devolution. If he returns to Belfast, he becomes once again a keen advocate of devolution. He is a little confused on the matter, and as a Member who departed Scotland not long after the introduction of the poll tax, he ought to be circumspect when talking about constitutional change. I believe that the poll tax was the beginning of the end for the Conservatives in Scotland. If he were to accept my argument on proportional representation, he might find that there were Conservative Members in a Scottish Parliament.

I hope that the meetings of the Scottish Grand Committee take place mainly in London and Edinburgh—if we are not to meet in Greenock, Wemyss Bay or Gourock. If we must meet in Inverness—a favourite town of mine, where my wife and I have spent frequent weekends in the spring, summer and autumn—can my hon. Friend the Minister avoid holding such meetings in the depths of winter? Following the last meeting, some of us had enormous difficulty in returning south from that delightful highland town. May I ask also who is to chair these meetings? Such information ought to be given to the House.

My hon. Friend the Minister mentioned the meetings of the Committee in Aberdeen, and said that they were well attended by members of the public. He may recall that I argued at that time in a brief intervention—all my interventions are brief—for a complete boycott of the travelling circus. I was one of the first to call it a travelling circus. Michael Forsyth—the then Secretary of State for Scotland—used the Scottish Grand Committee and its meetings, which were scattered around Scotland, in a ruthless way. When we were in Inverness, he offered us the prospect of a university of the highlands—despite the fact that that had been a matter for debate among people in the north of Scotland for many years in relation to the Open university.

I have no objections to the reduction in the number of meetings or to the two Opposition parties sharing Opposition days; indeed, I look forward to that. I am a little concerned about the speeches that will be made by my hon. Friend, if I may so call him, the Member for Orkney and Shetland (Mr. Wallace). There should be a time limit on speeches. From the moment the Front-Bench speeches end, the contributions of Back Benchers should be restricted, perhaps to 10 minutes. Why not restrict Front-Bench performances—that is what they are sometimes—too?

Mr. Maxton: To five minutes.

Mr. Godman: No, not to five minutes—to 15 minutes, say. That would make matters more equitable for Back Benchers.

I hope that my hon. Friend the Minister will pay particular heed to my request that the meetings be shared between London and Edinburgh.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Perhaps it would help the hon. Gentleman, and relieve the Minister of a responsibility that he does not hold, to say that the chairmanship of the Scottish Grand Committee is a matter for Madam Speaker.

4.50 pm

Mr. Donald Gorrie (Edinburgh, West): The Liberal Democrats are happy to support the motion. We have had amicable discussions with the Scottish National party and the Government about the allocation of days, which we believe has been done fairly. We believe in collaborative politics to get things done, but we shall certainly oppose the Government vigorously, as I am sure the SNP will, and call them to account at the meetings of the Scottish Grand Committee. It is reasonable to have fewer meetings, because there is likely to be a great deal of Scottish business if the Scottish home rule Bill is introduced; obviously, if it is not, we can think again.

The right hon. Member for Devizes (Mr. Ancram) was sensible not to push his case for inclusion in the Grand Committee too far. There is a clear distinction between

[Mr. Donald Gorrie]

Scotland, where the three main United Kingdom parties and the SNP contest elections vigorously, and Northern Ireland, where the politics is different and none of the three largest United Kingdom parties has any representation.

It is sensible to support the Government's proposals. If the Conservatives have no members of the Committee, it is foolish to suggest that they should have any say in its agenda; they seem to have accepted that argument. If there is an argument that the Conservatives should be added on, because they were in some way badly treated in the general election, it should be noted that it is my experience and that of other hon. Members who won seats from them that, in addition to getting support for our party and, we hope, for us, we got support from the other two non-Conservative parties because the electors wanted to defeat the Conservative candidate.

That was clearly the predominant feeling: the voters wanted the Conservative out. In my case, I got support from people who normally voted for Labour or for the SNP, and in my constituency those two parties' votes were lower than—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Gentleman. Although I have allowed a certain latitude up to now, I need to draw his attention, and that of the House, to the terms of the motion, which is about the meetings and not about the issue on which he is now speaking.

Mr. Gorrie: I apologise, Mr. Deputy Speaker. I was trying to argue why I felt that it was right that the Conservatives should not have the opportunity to dictate what the Committee should debate. I am sorry if I strayed from the point.

If the Conservatives accepted the logic behind proportional representation, they would have a much better case for better treatment. They do not support proportional representation and benefited from the existing electoral system for more than 18 years; they ruled the country with minority support, and now the game has gone against them. If one is losing, one cannot bite off somebody's ear.

The Conservatives should seriously consider supporting proportional representation; that would give them a logical position from which to claim some say in Scotland. At the moment, they have no such position: those who live by the sword will die by the sword, and the Conservatives do not deserve any say in the Scottish Grand Committee; the voters have voted that they should not have a say.

4.55 pm

Mr. John Swinney (North Tayside): I am somewhat reluctant to participate in this debate, as one of the people whom the right hon. Member for Devizes (Mr. Ancram) has in his sights as a by-election possibility. As the hon. Member for Edinburgh, West (Mr. Gorrie) has raised the possibility of biting in the boxing ring, I am even more reluctant to speak.

The motion is clearly a technical one, and I am glad that the Government are not proposing any inappropriate exceptions to what we would expect to happen as a result of the general election outcome on 1 May. We certainly agree with the hon. Member for Edinburgh, West that the settlement on Government and Opposition days is appropriate and reasonable in the circumstances.

It is encouraging to know that we will not be subjected in the Scottish Grand Committee to listening to some of the things to which we have had to listen in the House from the Conservatives since 1 May. I went along to the other place to observe part of the debate on the Referendums (Scotland and Wales) Bill, and the arguments were a little more coherently expressed by the Conservatives there—who included some of my constituents—than by the Conservatives in the House of Commons.

I would not be expected to complain about nothing in a debate such as this, as nothing is ever perfect in the House. The Standing Orders applying to the Scottish Grand Committee say that the largest Opposition party is defined by the number of seats. On proportional representation, there is cross-party consensus among the hon. Members for Greenock and Inverclyde (Dr. Godman) and for Edinburgh, West and me, and we should reflect on the fact that the Scottish National party polled 22.1 per cent. of the vote in Scotland in the general election, compared with 13.1 per cent. for the Liberal Democrats. We should bear that in mind when we settle the roles of the Opposition parties in handling scrutiny of Government business.

I can assure the right hon. Member for Devizes that my party certainly does not intend to sit back and ease off on scrutiny of the Government, their legislative proposals or the matters that they bring before the Scottish Grand Committee. That Committee is a forum in which we have the opportunity to keep a close eye on what the Government propose for Scotland.

Mr. Ancram: I hear what the hon. Gentleman says, but does it not therefore disturb him that the number of days on which he will be able to exercise that scrutiny is being diminished from 12 to eight?

Mr. Swinney: The right hon. Gentleman will be aware that my hon. Friend the Member for Moray (Mrs. Ewing) expressed concern about the time available for Scottish questions in the House on a monthly basis. The number of days is limited in comparison with the previous Session, but we accept the Government's argument that the amount of Scottish legislation to be introduced has to be borne in mind in the timetabling of events.

On the subject of timetabling, the hon. Member for Greenock and Inverclyde made some remarks on the length of speeches which were no doubt fair. Although I was not a Member of Parliament at the time, I remember that the previous Secretary of State for Scotland made an extensive speech on one occasion that prevented members of my party from participating in a debate, thus denying the House and the Grand Committee the opportunity to hear all sides of the argument.

This debate is all very well, but the real debate is about how we bring real power, and real scrutiny of Scottish legislation, back to Scotland. In my view, that will be done only by a fully powerful Scottish Parliament deciding all Scotland's affairs. As we work towards that objective, we accept the Government's proposals.

4.58 pm

Mr. Bernard Jenkin (North Essex): It was of course the Conservatives who made the Scottish Grand Committee what it is today: a forum for questions and debate that brings the Government of both Scotland and the United Kingdom closer to the people of Scotland. It was Ian Lang who introduced a Question Time for Scottish Ministers and opportunities for ministerial statements, expanded the consideration of primary and secondary legislation, and enhanced the scope for general debates, including Adjournment debates at the end of each sitting. It was Michael Forsyth who extended the scope of Question Time to any Minister, including even the Prime Minister, and enabled the Scottish legislative programme to be expanded by taking the Second and Third Readings of non-controversial Bills in Grand Committee.

Most relevant to this debate, it was my noble Friend Lord Younger who made the Committee the exclusive preserve of Scottish Members in 1981. That is what makes the Grand Committee the true heir to the Scottish Parliament that was prorogued in 1707. Then the Scottish Parliament elected 16 peers and 45 Members of Parliament from among its membership to be incorporated into the United Kingdom Parliament at Westminster.

We therefore have no dispute with the substance of the proposed changes in Standing Orders for the Committee. The Scottish Grand Committee is the United Kingdom Parliament's Committee of Scots for Scots. It would not be appropriate for the official Opposition to specify subjects for debates, as envisaged in the current Standing Orders, until we have regained representation on the Committee.

That is not to say that we have no concerns. Changes to the Standing Orders specifically to exclude the official Opposition are unnecessary. We would have been happy to give a commitment of forbearance until such time as there were Scottish Conservative Members once again, but this trust-me Government wish to leave nothing to trust. Yet again, we find something of the high-handed rather than the high-minded in the actions of new Labour. We have no choice but to trust them to be true to their word, if and when circumstances change.

What of the future of the Scottish Grand Committee? Each and every one of the changes made under the Conservatives was welcomed. Before the proposals in the motion, the Committee played an increasingly important role, dealing with more legislation than ever before and being able to summon the most powerful in the kingdom to account: the Chancellor of the Exchequer to explain excise duty on whisky; the Secretary of State for Defence to justify the threat of Labour's defence review to Scottish regiments and jobs; and even the Prime Minister to give account of his conduct of Government.

To judge from recent Welsh events, Government Back Benchers would be wise to pause before asking such questions. The Government machine was never more geared to the Scottish interest and to the Scottish dimension. That was never to have been the last word on the Committee's future. Michael Forsyth was always interested in developing its powers and function.

Have the Government considered how the Committee's role could be further enhanced, rather than reduced as in the motion? As the governing party also has the majority on the Grand Committee, is there not almost unlimited scope for the delegation of powers to it? Have the Government considered how all stages of uncontroversial Scottish Bills could effectively be taken in the Scottish Grand Committee? Under such circumstances, would it not be sensible to increase the number of sittings in Scotland so that more matters affecting Scotland could be debated on Scottish soil? Should the Committee have a permanent home in Scotland? A regular meeting place and a regular time in the calendar would enable the rest of Parliament, the press and Scottish public opinion to become increasingly used to it.

Mr. Swinney: The hon. Gentleman's arguments nudge remarkably close to those advanced by the former Member for Eastwood at the Conservative conference at the weekend. He suggested that if the Union was unsustainable—after 1 May, I think that we all agree on that—the arguments for independence were unassailable.

Mr. Jenkin: I am not here to answer for the former Member for Eastwood. I am asking the Government questions, which is the Opposition's job.

I doubt whether the Government have asked the questions that I put forward. They do not want to know. The Minister paid lip service to continuing the work of the Scottish Grand Committee; but, with fewer sitting days and meetings mostly at Westminster, it is clear that the Government want the Scottish Grand Committee to go to sleep as quietly as possible.

What is their political purpose in downgrading the Scottish Grand Committee, now of all times, long before a Scottish Parliament has become a certainty, let alone assumed certain shape or form? What better forum could there be for the discussion of Scotland's future at this time than the Scottish Grand Committee, where the Government even have the comfort of a controlling majority? Is Scottish democracy to be mothballed for the convenience of the Mandelson publicity machine? What sort of preparation is that for Scotland's democratic future?

The truth behind the motion is that the Committee's success is an embarrassment to the advocates of devolution; for if the Grand Committee continues to develop its role, what need for a Scottish Parliament, except to levy a tartan tax and to promote nationalism by stealth? That is what the motion is really about. It surprises me little that the hon. Member for North Tayside (Mr. Swinney) spoke with such enthusiasm for it.

Whenever people complain—I am coming to the hon. Member for Glasgow, Cathcart (Mr. Maxton)—that the Grand Committee could not have challenged the ultimate authority of Westminster, I wonder whether they realise what they imply. There is no way that a devolved Parliament in Edinburgh can be established by an Act of this Parliament that cannot be subsequently amended by this Parliament. That is the basis of our constitution, based as it is on the ultimate sovereignty of Parliament. We had that from the Prime Minister's lips when he explained that ultimate sovereignty rested with him as an English Member.

The Secretary of State knows that that is true, but then I respect him as a Unionist, albeit a misguided one. The case made by some of his more enthusiastic colleagues suggests that they do not know it. There should more meetings of the Scottish Grand Committee to discuss the question, not fewer meetings. That is the danger of establishing a Scottish Parliament based on the Claim of Right, instead of enhancing the Committee's powers.

[Mr. Jenkin]

Mr. Maxton: Will the hon. Gentleman give way?

Mr. Jenkin: No.

No one should dispute the sovereign right of the Scottish people to determine their future, but to choose to express that right through elections to a separate Scottish Parliament is to encourage denial of the very basis of the Union of the Crowns and of the Parliaments.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Gentleman during his first time as a Front-Bench spokesman, but the thread connecting the motion with his remarks is very thin and I suspect that it is getting ever thinner. I ask him to move back within the terms of the motion.

Mr. Jenkin: The Scottish Grand Committee could serve an ever larger role, expressing the will of the Scottish people but at the heart of the Westminster system. We want Scotland to be at the heart of Britain, not progressively isolated from the mainstream of the discussions that are so vital to Scotland's interests. A Scottish Parliament, unlike the Scottish Grand Committee, could never cross-examine the United Kingdom Prime Minister as an equal.

Until this motion, the Grand Committee represented a form of devolution that could have worked better and better, that raised no West Lothian question, that would not have cost millions of pounds to establish, and did not threaten the Union. The changes to the Standing Orders and the decision to confine its meetings represent the start of its demise. The Minister for Home Affairs and Devolution should at least come clean on that. The last thing that the Government want at Westminster is a rival pole of attraction to the forthcoming Scottish Parliament, which by comparison will be a constitutional pantomime horse. As comic or tragic as it turns out to be, it will cost Scotland dear.

5.8 pm

Mr. McLeish: With permission, I wish to add some concluding remarks.

I appreciate, Mr. Deputy Speaker, that you did not want the debate to range wide and far, but it has in some respects. Suffice it to say that the hon. Member for North Tayside (Mr. Swinney) is a clear illustration of a reality that the Conservatives simply fail to grasp.

The Grand Committee was compared to a possible Scottish Parliament. We have heard it described as the real heir to the Parliament that existed before the union of the Parliaments in 1707. To be extraordinarily charitable, that is simply wide of the mark. If the election result on 1 May told us nothing more, it said that the Scots want a measure of constitutional change. There are certainly differences of opinion over what form that should take, but the overriding issue was settled—change had to be on the agenda. Unless and until Conservative Members start to appreciate that, they will make no progress in Scotland or in this House.

Mr. Bernard Jenkin: It is extremely revealing that the hon. Gentleman feels that his devolution proposals have to satisfy the nationalists on the Opposition Benches, rather than the Unionists. Does that not suggest the direction in which his proposals are taking his country?

Mr. McLeish: What must astonish right hon. and hon. Members is that since 1 May, we have not had a hint of humility, a crumb of contrition or a smattering of any sorrow for the plight that the Conservative party faces in Scotland. That is a matter for the Conservatives on the Opposition Benches. In my own way, I am always trying to be helpful, but no matter the level of help offered, nothing seems to be taken on board.

To return to the Scottish Grand Committee, which is the focus of this debate, the motion is not a downgrading of the Committee. As I said earlier, we are endorsing the fact that the previous Government made progress in taking the Grand Committee to other parts of Scotland. We are continuing to have the meetings.

Mr. Jenkin: Lip service.

Mr. McLeish: We believe that, on the central question of strengthening accountability and democracy in Scotland, we are taking a much bigger step. That is why, through the Referendums (Scotland and Wales) Bill, we want to make substantial progress on that aspect of accountability and to strengthen the government of Scotland.

At the start, the right hon. Member for Devizes (Mr. Ancram) asked what would happen if there were a Conservative win in a by-election, however ridiculous that might seem at present. First, the Conservative Member would automatically become a member of the Scottish Grand Committee. Secondly, the Standing Orders could be amended. I use the word "could" because, in a sense, the motion allows that possibility, but what is equally interesting is that Standing Order No. 99—again, devised by the Opposition when they were in government—states:

> "For the purposes of this order, the 'largest' and 'next largest' opposition parties in Scotland shall be those parties, not being represented in Her Majesty's Government and of which the Leader of the Opposition is not a member".

The Standing Order goes on to confirm that three Members—in this case, Conservative Members—would have to be elected, to trigger the review of the situation. It is unhelpful for the Government to be criticised for merely using what has been put in a Standing Order that was written and agreed by the Opposition when in government.

Mr. Ancram: This is a matter of some seriousness. Perhaps we are reading the Standing Order differently. As I read it, the requirement for three Members relates to the largest and next largest Opposition parties, which under the current motion, which is being amended, exclude the Leader of the Opposition's party. As I pointed out earlier, once a member of the official Opposition is back in the Scottish Grand Committee, I hope that the Minister will review the Standing Order to restore the status quo.

Mr. McLeish: Our interpretation is right—it is about three Members being elected. I have given the assurance that, if a Conservative Member is elected, we will review the position. On the other hand, the Standing Orders were

discussed, debated and agreed in the House and they mean that the Conservatives will have to try a little harder than merely having one Conservative Member elected in any forthcoming by-election. It is crucial that the Opposition appreciate that. They are hoist with their own petard.

The right hon. Member for Devizes mentioned our attempt to gag. Nothing could be further from the truth. Again, it is important—to be fair, the Opposition have been measured in accepting the reality of 1 May—to point out that the Opposition have no case to argue and we have no case to answer on the decisions that we have made and that are contained in the change in the Standing Order that is before the House.

The right hon. Gentleman also made a point about cohesion, democratic debate and accountability. It becomes a little wearing listening to Opposition Members talking about those when, during their 18 years in government, they often paid lip service to anything that could be described as accountability. My hon. Friends have made some telling points in that regard during our brief debate.

The right hon. Member for Devizes also said that the new, limited-in-number Conservative Opposition are the custodians of everything democratic in the House. Suffice it to say that the House simply will not wear that, and it certainly will not be worn the length and breadth of Scotland.

Pessimism and cynicism are not part of our agenda for change in Scotland. The changes that we are making to the Standing Orders for the Scottish Grand Committee are purposeful and reasonable in the circumstances and will continue to allow the Committee to undertake the work that it has been doing. My hon. Friends made other points about the future of democratic debate. Apart from on the Conservative Benches, that has been secured in terms of the activities of the Scottish Grand Committee.

In answer to my hon. Friend the Member for Greenock and Inverclyde (Dr. Godman), we want to consider weather, seasons and geography when we consider having Scottish Grand Committees in Scotland. The Liberal Democrats and the Scottish National party can each select two debates. Where those might be held is very much a matter for them, in discussions with the Government. That is a fair point.

The motion will adjust the Standing Orders that govern how the Scottish Grand Committee operates. The adjustments are required because the official Opposition have no Members representing Scottish constituencies. The adjustments to the Standing Orders will achieve the change. They wipe out the reference to the official Opposition because their Members have been wiped out from Scottish constituencies.

The adjustments will also reduce the total number of sittings from 12 to eight in the light of the expectation that a Bill to establish a Scottish Parliament will dominate Scottish business in the coming year. I look forward to debates in the Grand Committee, in this House and elsewhere on a Scottish Parliament. The key issue is that we are here as the Government to strengthen democratic accountability in Scotland and to ensure that legislation is adequately scrutinised. It would be helpful and more meaningful if the Conservative Opposition would learn a little from 1 May and start to participate constructively in Scotland's future.

Ordered,

That—

(1) during the present Parliament, Standing Orders Nos. 99 (Scottish Grand Committee (substantive motions for the adjournment)) and 100 (Scottish Grand Committee (sittings)) shall have effect subject to the following modifications—

(i) in paragraph (3) of Standing Order No. 99, for lines 19 to 30 there shall be substituted—

"(3) The days specified for the consideration of motions for the adjournment of the committee under this order shall be allocated as follows—

(a) four at the disposal of the government;

(b) two at the disposal of the leader of the largest Opposition party in Scotland; and

(c) two at the disposal of the leader of the next largest Opposition party in Scotland:"; and

(ii) in paragraph (1) of Standing Order No. 100 there shall be substituted for the word "twelve" in line 21 the word "eight".

(2) the Speaker shall put forthwith the Question on any Motion to vary the provisions of this Order, and proceedings thereon may be disposed of after the time for opposed business.

Northern Ireland

5.17 pm

The Secretary of State for Northern Ireland (Marjorie Mowlam): I beg to move,

That the draft Northern Ireland Act 1974 (Interim Period Extension) Order 1997, which was laid before this House on 17th June, be approved.

The order will extend for a further 12 months the so-called interim period during which the government of Northern Ireland is carried out under "the direction and control" of the Secretary of State. So far, that temporary arrangement has lasted for 23 years. I regard that as a sorry state of affairs.

The people of Northern Ireland need and deserve political structures that are more accountable to them and more responsive to their needs. The Government are determined to put power back into the hands of the people throughout the United Kingdom. Our approach is based on principles of openness and local accountability and those hold true in Northern Ireland too.

Quite apart from those general arguments, bringing power closer to people in Northern Ireland could play a significant part in healing divisions and encouraging people to work together. It is widely acknowledged that any new arrangements for Northern Ireland must involve power and responsibility sharing among representatives of all main sections of the community there. Devolution of power on that basis could be an important symbol of partnership and working together, giving positive leadership in the interests of all in Northern Ireland.

It has long been recognised that any successful settlement must address the totality of relationships within these islands. We want to move to a situation in which real power is exercised in a co-operative spirit by and for the people of Northern Ireland; a positive and constructive relationship between the two parts of the island of Ireland produces mutual benefit; a consensus on constitutional issues settles old fears and further enables Britain and Ireland to work closely together; and both main parts of the community in Northern Ireland can express their different national identities without appearing to threaten the other.

Such a political settlement is possible, and I am determined to facilitate progress in that direction. That will be our goal in the months ahead. Is it possible that, by this time next year, I shall be able to tell the House, with confidence, that the interim period which has lasted since 1974 is coming to an end? I look to hon. Members from Northern Ireland for encouragement, but, like them, I know that achieving that goal will be far from easy.

At least the machinery for making progress is in place. The multi-party negotiations have a further year to run. Nine of the 10 elected parties are there. Independent chairmen have been appointed to facilitate relevant aspects of the negotiation and have won the respect and confidence of both Governments and of the Northern Ireland parties. We are grateful to those independent chairmen. Rules of procedure have also been drawn up and agreed. The time has now come to use that machinery intensively to make real progress over the coming months.

The Government are determined to do all that we can to aid that progress. Obviously, we want the talks to take place in a peaceful atmosphere. We want Sinn Fein to be there, representing its electorate, but, as my right hon. Friend the Prime Minister has made clear, a political settlement of the kind that I have described is an urgent necessity—whether or not Sinn Fein is involved in negotiating it. As we have said so many times in the past couple of weeks, the ball is in Sinn Fein's court. We have been straight with Sinn Fein, as the published aide memoire shows, but the republican movement now has to make up its mind. The whole world knows that. If its representatives cannot rise to the challenges of democracy, they can have no place in shaping the future arrangements for Northern Ireland.

The issue now under consideration in the talks is the difficult and sensitive one of decommissioning illegal arms. It is a complex and emotive subject; however, it has been under detailed discussion since mid-October last year and, in my view, the time has come to bring the issue to a determination and move on. I told the talks on 3 June that we wanted to see the matter resolved to the satisfaction of the participants "within weeks". The British and Irish Governments have, in an effort to facilitate agreement, tabled a joint paper setting out a series of "possible conclusions".

Agreement would enable us to set a firm date for the launch of substantive political negotiations—a date on which the settlement train could definitely leave the station, whether or not Sinn Fein was on board. I shall not now go into the detail of the paper as it remains under consideration in the talks, but I can say that the two Governments' proposals are entirely consistent with Senator Mitchell's report and its "compromise approach" under which

"some decommissioning would take place during the negotiations, rather than before or after".

The two Governments, in the joint paper, commit themselves to working to achieve progress on decommissioning alongside progress in the substantive political negotiations.

Positive movement in the talks towards a political settlement would help us make progress in other highly contentious area, such as the parades. In the run-up to this year's marching season, I have been trying to make progress, talking with representatives of both the marching orders and the residents' associations. I and my officials have been trying to identify areas of common ground and explore the extent to which local accommodation might be reached—the only approach whereby we can ensure that violence will not be part of the scene in the next two weeks.

I cannot say yet whether those efforts will have a successful outcome, and we are continuing this week to try to achieve further progress, but I can assure the House that we shall continue to do all that we can to avoid a repetition of last year's appalling events. However, the task of everyone involved in working for a peaceful resolution of the parades issue would be made significantly easier if it were being discussed in a climate of peace and political stability.

Before inviting hon. Members to support the order, I shall set out briefly some of the ways in which we intend to discharge our responsibilities for Northern Ireland. On public spending, all Government Departments will live within the totals announced for this year and the plans published for 1998–99. That provides an opportunity to conduct a root-and-branch review of public expenditure to ensure that it aligns with the Government's objectives and secures value for money. That comprehensive spending

review will apply to public expenditure in Northern Ireland. We shall examine all areas of spending to ensure that resources line up with our priorities.

Mr. John D. Taylor (Strangford): When will hon. Members have an opportunity to discuss public expenditure in Northern Ireland?

Marjorie Mowlam: Members of Parliament for Northern Ireland will have an opportunity to discuss that matter in the months ahead, because we have made an effort this year to ensure that negotiations and priority setting are not only questions for Ministers. We shall go out to consultation with all the political parties.

Mr. Taylor: So that I fully understand that reply, does that mean that, as in the case of the Welsh Grand Committee which is meeting today in Wales, the Northern Ireland Grand Committee will have an opportunity to discuss public expenditure? The previous Government never gave us the opportunity to discuss the issue in any proper forum.

Marjorie Mowlam: Let me elaborate on my previous answer and then I shall answer that question directly.

What the approach that we are adopting will achieve is that Members of Parliament for Northern Ireland will be able to have an input, before the decision is taken, in creating the whole picture of how the spending review will take place. That is a useful and valuable input for all Northern Ireland Members.

On the right hon. Gentleman's question relating to the Northern Ireland Grand Committee, as he is well aware, days before Parliament was dissolved for the election, the previous Government introduced several changes to the Northern Ireland Grand Committee. We are still reviewing those changes and I look forward to discussing and reviewing them—not in a negative way, so hon. Members need not panic, but in terms of what they cover. As there were changes to the Scottish and the Welsh Grand Committees, I have been looking at how arrangements differ across the Union. The issue is still on the table and we look forward to discussing it with the Northern Ireland parties in the weeks ahead.

Mr. Kevin McNamara (Hull, North): My right hon. Friend will probably be aware of current press speculation that there will be a shift of funds in the Department of Education that will gravely affect those schools in Northern Ireland that are the most deprived. That would seem to go contrary to the PAFT—policy appraisal and fair treatment—approach. Will she take this opportunity to deny that?

Marjorie Mowlam: There are no plans to shift money from deprived schools to other schools in Northern Ireland. The PAFT criteria are there and we have repeatedly said that we support them. All we have done is shift £4 million from within budget to ensure we get class sizes to less than 30 for five, six and seven-year-olds and to help many schools avoid sacking teachers. As a result of the cuts introduced by the Tories over the past two years, many schools—both those in deprived areas and others—are hurting badly, so that money has been reallocated. However, there are no plans to deprive deprived schools more than others. We are looking at what we can do to help all schools in Northern Ireland, because they are facing severe financial stringency as a result of the plans put in place by the Tories last year, which are coming forward into this year.

It may help to answer those questions about education if I mention some proposals that we are trying to move into policy as quickly as possible to tackle unemployment and get young school leavers off benefit and into work.

I am pleased to say that figures for unemployment in Northern Ireland are decreasing and that unemployment is at one of its lowest levels for almost 17 years, but we are having trouble getting into work young people who have been unemployed for more than six months. That is an appalling waste of the young people's talents and skills, which they have never been able to develop. We look forward very much to the announcements by my right hon. Friend the Chancellor, who will announce this week a comprehensive welfare-to-work strategy, funded from the one-off windfall levy on the privatised utilities. We want to use that in Northern Ireland to break down barriers to the long-term unemployed.

Rev. Martin Smyth (Belfast, South): Have we an assurance that, in the Budget, a designated proportion of the windfall tax, if it comes through, will go specifically to Northern Ireland—or must we continue to look for crumbs?

Marjorie Mowlam: We certainly will not be looking for crumbs. I guarantee to the hon. Gentleman that we shall get nothing less than our fair share—our fair proportion—of the windfall tax. We want to ensure that it is used effectively on training schemes so that young people get a good training.

I know that the hon. Gentleman and other hon. Members have lobbied in the past in support of training schemes that were being closed down. We shall consider those carefully, but we want to be sure of the quality and standards of training schemes that operate in Northern Ireland.

Rev. Martin Smyth: I welcome that answer and encourage the Secretary of State to go down that road, so that we are training not just to keep people off the streets, but to prepare them for jobs that are needed in this modern age—not for some of the things that we have trained people for in the past.

Marjorie Mowlam: I thank the hon. Gentleman for that contribution. I am sure that he will agree that the one way to get young people into work, once we have trained them, is to ensure that the investment that comes to Northern Ireland stays there. An unequivocal IRA ceasefire would be the best way to achieve that, because that would give us the stability to allow peace to develop and jobs to stay and survive.

Mr. A. J. Beith (Berwick-upon-Tweed): I wish the Secretary of State well in her task, because, when the Northern Ireland Act 1974 was introduced, she was just taking over the job that I had done in another life.

During the short period of the most recent ceasefire, the increase that took place in Northern Ireland's tourism industry, with tourists coming from outside Northern Ireland, was an especially encouraging source of employment; it is, and will be, denied to the Northern Ireland until, at long last, a lasting ceasefire can be established.

Marjorie Mowlam: I thank the right hon. Gentleman for that contribution. He is right: despite the hard work of the

[Marjorie Mowlam]

Northern Ireland tourist board, which has been exceptional as usual, the tourist figures are reducing, solely as a result of the instability and the fact that the worrying time of the parades is coming up. People will not visit Northern Ireland at that time. We call on all parties involved to do all that they can to reach an accommodation, because if they do not, they harm the very culture and country that they are trying to protect. We must work together to surmount that obstacle.

Mr. Ken Maginnis (Fermanagh and South Tyrone): I wonder whether, when the Secretary of State talks about parades, she will recognise the fact that people will fail to come to Northern Ireland, not because of parades, but because they fear the violence that is threatened by Sinn Fein-IRA in the selected cases where they hope to create trouble and encourage the actions that the IRA showed on the streets of Lurgan a couple of weeks ago. Is it not the case that, by pandering to, and believing in, the possibility that the IRA will declare a ceasefire, against all the evidence that is available to the Secretary of State, we encourage that unease to continue?

Marjorie Mowlam: I assure the hon. Gentleman that no Labour Member panders to any group in relation to the position in Northern Ireland. I agree that the situation in Lurgan and the violence that was evidenced by the shooting of two policemen in the back of the neck are exactly the situations that give Northern Ireland a bad name. I agree that the violence arising from the present circumstances related to the parades causes the problem.

However, does the hon. Gentleman agree that, until we answer the fundamental difficulty of two competing rights, the violence will not go away? People have a right to march, which I fully acknowledge is a fundamental right to which they are entitled. Equally, people have a fundamental right to live without fear or intimidation. The contradiction between the two, and the way in which we accommodate the two, is the question that we must answer.

All that we have at the moment, with those competing rights, is a growth in fear and tension on all sides. As the hon. Gentleman knows better than most hon. Members, that fear is very obvious now; that is what we must deal with in relation to this problem.

Mr. Maginnis *rose—*

Mr. Norman A. Godman (Greenock and Inverclyde) *rose—*

Marjorie Mowlam: I give way to the hon. Member for Fermanagh and South Tyrone (Mr. Maginnis).

Mr. Maginnis: Insofar as the Secretary of State poses me the question, I must argue that, as long as we deal with the parades issue on a case-by-case basis, we leave ourselves hostage to fortune and to the wiles of Sinn Fein-IRA. Is it not time that the Government established a proper definition of the fundamental right to assemble and parade, and codes of behaviour against which judgments might be made? On such a basis, it would be much more difficult for those who wish to disrupt to do so.

Marjorie Mowlam: I think I agree with the hon. Gentleman, but will check *Hansard* to be sure, because I hear him say that, if there are a set of guidelines and a code of practice which include the cultures of both communities, those are what we must find an accommodation between.

However, I say to the hon. Gentleman, only by an accommodation shall we avoid violence, because, if a local agreement is not reached, inevitably one side will feel that it has surrendered, lost its respect and had its culture denied and that its members have been treated as second-class citizens. That will lead to situations such as those that arose last year, depending on which group perceives itself as the "loser" or the "winner". That is why only by accommodation and common sense shall we avoid situations such as those that we have witnessed.

I will take one more intervention.

Mr. Godman: I am extremely grateful to my right hon. Friend, Mr. Deputy Speaker. I am very alert on Northern Ireland.

On tourism, may I say that I hope that a couple of hundred tourists arrived in Ballycastle today on the passenger ferry vessel which left Campbeltown this morning, waved off by my right hon. Friend the Secretary of State for Scotland?

Regarding the question asked by my hon. Friend the Member for Hull, North (Mr. McNamara), is the Secretary of State in a position to say when the Government will publish their response to the report by the Select Committee on Northern Ireland on under-achievement in schools in Northern Ireland? The Minister of State, my hon. Friend the Member for Torfaen (Mr. Murphy), promised such a response; is the Secretary of State in a position to say when the House can catch sight of it?

Marjorie Mowlam: I thank my hon. Friend for that contribution and I, too, welcome the fact that the ferry left from Campbeltown this morning. It was waved off by the Secretary of State for Scotland; it was welcomed by the Minister of State, Northern Ireland Office, my hon. Friend the Member for East Kilbride (Mr. Ingram), who happens to be a Scot, but I am sure that his thoughts were with Northern Ireland when it arrived.

I do not know when my colleague will give a response to the report by the Select Committee on Northern Ireland on under-achievement, but we are studying the Standing Advisory Committee on Human Rights report, which is a very full report, and I shall do all that I can to get a response to the Select Committee on Northern Ireland so that the two points are answered simultaneously.

We believe that social and environmental changes, which we discussed during the exchange of questions, are crucial to creating a peaceful environment in Northern Ireland. Settlement and economic growth and training are two sides of the same coin. Further violence and disturbance can only put at risk all the economic progress that people have worked so hard to achieve. Civil unrest would jeopardise the future prosperity that people in Northern Ireland rightly expect.

In the coming year, the Government will do all that we can to combat terrorism and the threat of terrorism; to help build confidence in areas such as policing; to tackle the sources of tension between the communities; and to bring about a fair political settlement. If we are to succeed, we shall need the positive support of all political and community leaders in Northern Ireland—particularly in the days and weeks immediately ahead.

I take this opportunity to acknowledge, and to welcome, the new shadow Secretary of State for Northern Ireland. I thank him and his colleagues for the support that they have given us during their short time in office. For the time being, the structure of direct rule must remain in place. I commend the order to the House.

5.40 pm

Mr. Andrew MacKay (Bracknell): I thank the Secretary of State for her kind remarks. I am pleased to be at the Dispatch Box, having spent a little more than five years doing good by stealth in the Government Whips Office. I am glad that there is solidarity among Whips on this occasion, and that the Treasurer of Her Majesty's Household is in his place to ensure that his predecessor behaves properly. I am delighted to be directly involved with life in the Province again, having spent three and a half happy years in the late 1980s as the parliamentary private secretary to the then Secretary of State, my right hon. Friend the Member for Bridgwater (Mr. King).

On behalf of the official Opposition, I confirm that we entirely support the draft interim period extension order. Like the Secretary of State, I acknowledge that, although direct rule was intended to be temporary, it has now had to be renewed 22 times. Few observers dispute the claim that it has provided Northern Ireland with fair, efficient and effective government. Yet the fundamental weaknesses of the current arrangements are clear and acknowledged.

Since 1972, no Minister who has served in the Northern Ireland Office has represented a Northern Ireland constituency. That has effectively excluded all locally elected representatives—particularly Members of Parliament—from being responsible for decisions about local services and priorities such as education, health and industrial development. It means that Northern Ireland suffers from a democratic deficit: the Secretary of State and her ministerial colleagues exercise powers that, anywhere else in the United Kingdom, would be carried out at a local level.

The situation is compounded by the fact that the Province's 26 district councils have limited responsibilities compared with equivalent bodies in the rest of the United Kingdom. Let us be honest: most local government functions remain the responsibility of Departments in the Northern Ireland Office. As a result, and within the context of a comprehensive political settlement, we must be determined to re-establish political institutions in Northern Ireland that not only allow local politicians to exercise greater powers and responsibilities, but enable both sides of the community to work together. To this end, we should be prepared to consider any proposals that pass two key tests: they must be workable and, crucially, command widespread acceptance throughout both parts of the community.

In the meantime, improvements to direct rule are essential. Although I hope that the overriding objective on both sides of the House is to bring about a comprehensive political settlement, that in no way precludes improving the way in which Northern Ireland is governed under direct rule. I believe that my colleagues in the last Parliament made progress in several significant areas, not least in setting up the Northern Ireland Select and Grand Committees. I hope that the Secretary of State or the Minister of State—who I assume will wind up the debate—will provide an assurance that those Committees will be re-established shortly.

Mr. John D. Taylor: Hear, hear.

Mr. MacKay: I have always failed to see—I know that my view is shared by the right hon. Member for Strangford (Mr. Taylor), whom I heard supporting me—why Wales and Scotland should be treated differently from Northern Ireland. I believe that the people of Northern Ireland, through their democratically elected representatives in this place, should be consulted about policy decisions. They should have the right to question and cross-examine Ministers in the same manner as our Welsh and Scottish colleagues. The Northern Ireland Office should be more accountable to the House. The best way to achieve greater accountability is through the Grand Committee, and I look forward to its establishment shortly. I hope that it will be vigorous in cross-examining the right hon. Lady and her ministerial colleagues.

I reiterate the comments about the peace process made by my right hon. Friend the Leader of the Opposition at the Dispatch Box last week. The bipartisan policy on Northern Ireland is very much in place, because we believe that the new Government's proposals are a logical extension of the process initiated by the Prime Minister in the last Administration. However, I wish to emphasise a few points and seek some reassurances.

It is essential that there be parallel decommissioning and that the talks process should proceed at roughly the same pace as decommissioning. It concerns many people that it will take some time to establish the decommissioning mechanism, whereas, if a ceasefire is achieved—we all hope and pray that it is—the talks will commence in September. We believe that the talks process must be halted regularly so that the parties and the two Governments involved in the talks will be able to assess progress not only with the talks but with decommissioning. If need be, any party could withdraw from the talks because decommissioning was not proceeding. It seems essential that those activities occur in parallel.

I echo the words of the Secretary of State and of the Prime Minister in saying that this must be the final chance for Sinn Fein-IRA. I respectfully suggest that the right hon. Lady and her right hon. Friend must mean it: it really must be Sinn Fein-IRA's last chance. I assure the right hon. Lady that she will have the support of the whole House if the talks process proceeds without Sinn Fein-IRA. They must lay down their arms and start a genuine, deep and lasting ceasefire.

We wish the Secretary of State well in the very difficult weeks ahead—not only in dealing with the marching season but, I hope, in securing a ceasefire and beginning the talks. We shall speak much more about those subjects at the Dispatch Box in future. Meanwhile, on behalf of my colleagues, I wish the right hon. Lady every possible success.

5.48 pm

Mr. Kevin McNamara (Hull, North): I congratulate my right hon. Friend the Secretary of State on her efforts in the past few weeks to try to reach an accommodation on the question of marches in Drumcree and elsewhere.

[Mr. Kevin McNamara]

She is—to use the cliché—between a rock and a hard place: she faces some very difficult decisions. I do not accept—as has been argued in some places—that the matter may be left to the police. It is a highly political and highly sensitive issue. At present, we are seeing the re-emergence in Northern Ireland of the same tactics as were applied in 1968, 1969 and 1970: one group says that it will have a march, so another group says that it will stage a counter-march, which places the police in a difficult position. My right hon. Friend faces a harsh problem. I wish her well in her attempts to accommodate those who will not sit down together.

I hope that, whatever decision is made, there will be no acceptance of the view that the right to march and the right not to suffer or fear intimidation are equal. All people have the right to feel safe and secure in their own homes, communities and societies. That has been recognised in, for instance, the passage of trade union law limiting picket numbers so that people are not intimidated. The right to picket is important and proper, as is the right to march; but the greatest right that a person can have is the right to feel secure rather than threatened. Both principles are important, but the right to safety is more important.

I also hope that, following the making of a decision, a bone will not be thrown to whichever side feels aggrieved by that decision, whatever it may be. It has been suggested, for example, that if it is decided to proceed with the march, the quid pro quo will be that the streets are kept clear, the ports and the airport are still in operation and people can use the roads in safety. That is not a quid pro quo; people should have those basic rights in any event.

It has been argued in some quarters that it will be decided that the march should proceed because that will place less of a strain on the security forces and it will be possible to contain rioting in nationalist areas. Such a decision would, however, be bad and I am sure that my right hon. Friend the Secretary of State is not thinking in those terms. It has also been suggested that the quid pro quo for allowing the march will be the announcement of a judicial inquiry to re-examine the evidence surrounding the events of Bloody Sunday. I hope that that will not happen either.

In connection with maintaining security on the streets, can my right hon. Friend tell us whether the Government intend to move extra troops into Northern Ireland in the next fortnight?

My right hon. Friends the Secretary of State and the Prime Minister are to be congratulated on injecting a touch of urgency into the protracted talks process. I understand that we now have a timetable. Sinn Fein is to enter the talks at the end of July, matters that are holding up the agenda at present must be wrapped up in September—issues relating to decommissioning—and, following the discussion of substantive agenda items, the process must end in May.

I think that the two Governments have gone as far as they could have to ease the way for Sinn Fein to enter the talks and that the ball is now in Sinn Fein's court. I did not accept that decommissioning should be a prior condition—I still think that that is a load of rubbish—but both Governments were in a difficult position. It was certainly difficult for Her Majesty's Government—then the Opposition—to retreat from their stance, having adopted it. I believe, however, that they have arrived at an arrangement that will enable Sinn Fein to enter the talks feeling reasonably certain that it will not be ambushed.

Let us consider the worries that Sinn Fein had and the conditions that it wanted. It now has a fixed date on which to enter the talks, which it did not have under the last Administration. It has a timetable within which to finish the talks, which it demanded. It can feel reasonably certain that no further obstacles will be placed in its way—although I did wonder what my right hon. Friend the Prime Minister was on about in Balmoral when he suggested the condition, almost a precedent, that the Government of the Republic should give up articles 2 and 3 of their constitution, with no quid pro quo.

I consider the decommissioning proposals and the document produced by the two Governments very sensible. I think that they can meet the concerns of both Sinn Fein and the Unionist people. I do not, however, agree with the hon. Member for Bracknell (Mr. MacKay)—whom I congratulate on his appointment; I remember his being an assiduous parliamentary private secretary in Northern Ireland—that political progress must always be measured against decommissioning. That is what the hon. Gentleman seemed to suggest, but I do not think that it is in the spirit of the demand for some decommissioning during the talks. No timetable was laid down, and no grade specified against which events should be measured as they happened.

Sinn Fein now has an opportunity to accept the offer that has been made to it and to enter the talks. Perhaps my hon. Friend the Minister will answer some questions when he replies. What will happen if, when Sinn Fein has entered the talks at the plenary in July—subject to an unequivocal undertaking to establish a proper ceasefire and so on—the Ulster Unionists still have not agreed on the decommissioning proposals? As yet, they have not accepted them completely. If Sinn Fein, which is worried about that issue, has not entered the talks by July and there has been no ceasefire, will it be allowed to join at a later date? What if Sinn Fein joins in good faith and there is a Unionist walk-out? What will happen to the talks then? Will a settlement be made without the Unionists?

In setting out his timetable, my right hon. Friend the Prime Minister said that the outlines for the settlement were there for all to see. Those outlines have been there for 20 years or more; the problem, as my right hon. Friend pointed out, lies in the detail. The devil is for ever in the detail. What if no agreement has been reached by May, when my right hon. Friend thinks that everything should be wrapped up and if there appears to be no possibility of the talks continuing?

What if we experience the same protracted process that we experienced during the Brooke and Mayhew talks? Will the triple lock still apply, or will my right hon. Friends the Prime Minister and the Secretary of State—hopefully with the Irish Government, but perhaps alone—decide what settlement is to be imposed? Those are not hypothetical questions.

Mr. John D. Taylor: Will the hon. Gentleman give way?

Mr. McNamara: I shall give way to the right hon. Gentleman when I have finished this point.

The Government must have examined and thought about all those possibilities because they are in the agenda and the timetable. Parties should know what is likely to happen if some events work out.

Mr. Taylor: I was getting alarmed, because the hon. Gentleman spoke about imposing solutions. Will he confirm that he supports and accepts the principle of consent by the people of Northern Ireland for any solution?

Mr. McNamara: I am asking what will happen if Northern Ireland representatives cannot come to an agreement. I understand that the Unionists have a vested interest in maintaining the status quo. Basically, they are quite happy about that. That being the case, what will be the situation? The Government cannot sit down and twiddle their thumbs. As the Secretary of State said, they have a responsibility to the people of Northern Ireland to try to get the best deal for them. Presumably that was the policy that was outlined in the framework document, the Downing street declaration and the Anglo-Irish Agreement. One would like to see those principles contained in any system that emerges.

What happens if there is not the agreement that my right hon. Friends the Prime Minister and the Secretary of State are looking for at the end of July and there is an adjournment without agreement on the decommissioning paper? Is that the end? Will it be wrapped up then? Those are key questions for the Secretary of State. One of the difficulties of establishing a timetable is that, if it slips, it is said that the Government are weak. If it is adhered to and the Government act rather abruptly, they are told that they are obdurate and lacking in tact and diplomacy; it is said, "If things had been allowed to go on for a little longer, we might have got somewhere."

I readily understand why the Prime Minister thinks that matters have dragged on for far too long. I also believe that, but while I accept the basis and the nature of a timetable—for which there has been real need over the years—I hope that it will not be so rigid that every little date has to be met immediately because that could prevent what I hope will be achieved; peace and a sensible settlement within the island of Ireland.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. As the Chair is now aware that more hon. Members are hoping to speak than was hitherto apparent, and as the time of the debate is limited, may I appeal for brief speeches?

6.2 pm

Mr. David Trimble (Upper Bann): I apologise for my late arrival in the Chamber. It was caused by transport difficulties on the way over. I shall try to keep within the terms that you have mentioned, Mr. Deputy Speaker.

I shall eschew the temptation to pick up on some of the points made by the hon. Member for Hull, North (Mr. McNamara), who spoke with his characteristic disregard for democracy. It is a pity that the House has had to endure—

Mr. McNamara: On a gerrymandered basis.

Mr. Trimble: I shall ignore that sedentary comment and treat it with the contempt that it deserves. The hon. Gentleman spoke about some of the proposals for the disarmament of terrorist organisations. I shall not pursue that matter in detail because it will be discussed in another place in some detail tomorrow. I wish to underline some points that are in the paper that was tabled by the British Government and, I understand, the Irish Government last week. I refer in particular to the opening sentence in that paper, which states:

"The two Governments are resolutely committed to the total disarmament of all paramilitary organisations."

A later paragraph states that this will involve

"adequate mechanisms to ensure that the modalities of decommissioning envisaged in the report"—

the Mitchell report—

"can be implemented as needed and that no delay or obstacle is caused by any lack of Government preparation or provision in this respect."

I trust that, over the next few weeks, the Secretary of State will be able to assure those involved in the talks that that commitment to ensuring that there is no delay or obstacle to the disarming of terrorist organisations will be implemented in fact. That is crucial to the attitude of my party and others to the Government's proposals. If there are to be substantive negotiations, there must be substantive disarmament in parallel; otherwise, the necessary confidence for the process will not be created or sustained.

We are debating the renewal of what is called direct rule. It is atrocious that only 90 minutes are available to consider the imposition for yet another year on part of the United Kingdom an utterly sub-standard system of government, legislation and administration which continues to involve the United Kingdom in a breach of its obligations under international law. It is intolerable that what was originally temporary has continued for 25 years.

Over the last year—indeed, with the arrival of this Government and Parliament—the arrangements for administration and legislation for Northern Ireland and scrutiny of the Government on those matters have deteriorated further. They deteriorated with the implementation of the so-called Jopling reforms, which mean that Northern Ireland legislation—hitherto considered on the Floor of the House for a few hours, but at least considered in the House—now generally goes upstairs where, usually, only one or two Northern Ireland Members are able to debate it. That legislation is enacted not only without the normal parliamentary procedures but with most Northern Ireland Members excluded from the debate on it.

The effect of the Jopling reforms on Northern Ireland legislation is quite unacceptable. Added to that in this Parliament is the significant reduction of the time for Northern Ireland questions, which provide one of the few opportunities for Northern Ireland Members to hold the Administration to account. At the most recent Northern Ireland questions, there was the farce of only four or, if one is generous in enumeration, six questions being answered. That is quite unacceptable, and action must be taken, if not to end direct rule, at least to ensure adequate opportunities for proper scrutiny of legislation and for the Administration to be held to account.

The Government claim that they are committed to open government and to transparency in government. It is time that those commitments were implemented. I was most disturbed to note, when my right hon. Friend the Member

[Mr. Trimble]

for Strangford (Mr. Taylor) intervened to query when the Northern Ireland Grand Committee would be running, that there was no clear answer by the Secretary of State. I trust that, in his winding-up speech, the Minister will make it clear that the Government are not deliberately dragging their feet. The Scottish and Welsh Grand Committees are up and running and there is no excuse for continued prevarication on this issue.

Mr. Maginnis: My hon. Friend speaks about accountability and openness in government. We in the party who have to make judgments have, of course, seen the aide-memoire that the Government have provided to Sinn Fein-IRA to enable them to enter the talks process. We have not heard whether there has been any response from Sinn Fein-IRA. How they respond may be a matter of confidence between them and the Government, but the Government have at least a right to tell us all exactly what is going on between them and Sinn Fein-IRA.

After the murder of two policemen in Lurgan, it was said that contacts with Sinn Fein-IRA would cease, but I have reason to believe that contacts have continued. I do not intend to make a judgment on who initiated those contacts, but it would be interesting if the Secretary of State would let us know who is in contact with Sinn Fein-IRA and the mode of contact that has taken place.

Marjorie Mowlam *rose—*

Mr. Trimble: I am happy to give way to the Secretary of State so that she may respond.

Marjorie Mowlam: I should like to clarify the point made by the hon. Member for Fermanagh and South Tyrone (Mr. Maginnis). The Prime Minister made it absolutely clear that, after the killings in Lurgan, we would not have relationships between our officials and Sinn Fein in relation to the peace process. That has not changed. We have not made any approach. On the second point, so that I am clear about this—I believe in being honest and open—Sinn Fein has telephoned twice the officials that it talked with, asking for further meetings and the answer was no. That is the state of play.

Mr. Trimble: I hope that that exchange is a clear reflection of the situation and that the phrase "not have relationships" is as comprehensive as it appears, because briefings that were given by Northern Ireland Office officials to the press last week seemed to imply that they were open to some form of further communication with Sinn Fein, which of course is contrary to the spirit of the Prime Minister's statement, to the exact letter of the assurance given by Lord Richard and to what the Secretary of State has said.

I hope that she will ensure that what she has said is carried out in practice—but then, of course, we have had such assurances before. We had assurances that, in the talks between officials and Sinn Fein, there would be no negotiations yet, when the aide-memoire was published, it was clear that a very strange interpretation of the word "negotiations" was being used.

Marjorie Mowlam: I am not trying to be obtuse; I am trying to be clear and helpful. The Prime Minister said after Lurgan that there would be no contact. There has been no contact. Two telephone calls were made. We said no to both. That is the state of play. Could the hon. Gentleman explain what he means when he talks about relationships, because I am not clear and I want to be helpful?

Mr. Trimble: I used the term "have no relationships" merely because that was the phrase that was used by the Secretary of State. I am not clear what that phrase means either; that is why I spoke a little further on it. Does having no relationships mean having no contact and no communication—nothing? I am happy with that and I hope that that is the case. I see the Secretary of State giving me a thumbs-up. We shall interpret that as an affirmative response to my question.

Rev. Martin Smyth: There is a whisper going around in Northern Ireland that someone has initiated video conferencing. We appreciate the response from the Secretary of State, but, ultimately, she would be responsible. Is it possible that someone else in the security services is doing something?

Mr. Trimble: My hon. Friend refers to a real concern that has existed in Northern Ireland for a long time—that people not responsible to the Secretary of State are following an agenda of their own.

Marjorie Mowlam *rose—*

Mr. Trimble: If the Secretary of State is going to clarify that matter also, I will be glad to hear it.

Marjorie Mowlam: I should like to give further clarification to the hon. Gentleman. There has been no video cassette recorder contact between ourselves and Sinn Fein. The rumour may come from the time—to be absolutely straight with people—when we were trying, in the context of the marching season, to get different groups together that would not sit down and talk to each other. We suggested the VCR as one mechanism whereby people would not have to be in the same room but there could be direct communication with them so that there could be some discussion. I do not think that I have revealed any private discussions that we have had with the different groups in the Parades Commission, but I presume that that is where—as with so much in Northern Ireland—that rumour has sprung from.

Mr. Trimble: That does not entirely resolve the matter, because some of the groups to which the Secretary of State refers include individuals who we believe are part of Sinn Fein-IRA and, to a significant degree, those groups are subject to Sinn Fein-IRA's influence, but in any event there would be no concern in Northern Ireland about such matters if assurances that were given at the Dispatch Box were honoured; too often, they have not been. That is true not just of the previous Government or of other Governments; after the publication of the aide-memoire, clearly it is also true of this Government. There has not been the honesty that one would have hoped for.

Before that excursus, we were talking about the need for action to be taken to end this squalid, inadequate system of administration called direct rule and for the Grand Committee to be developed to give some

opportunity for Northern Ireland Members to discuss matters relating to Northern Ireland, including Northern Ireland legislation, and to hold the Government to account. We could also refer to the clear need to make progress where it can be made and where we know that it can be made successfully.

The Secretary of State referred to that in her opening speech: she mentioned the development of partnerships in local government and how the experience of giving local government additional powers has been positive. I note the comments made by Lord Dubs on the issue. Admittedly they are of a general nature, but I hope they show that there will be progress in relation to local government in Northern Ireland as soon as possible.

My next point relates to the inter-party talks and the point that was welcomed by the hon. Member for Hull, North. Last week's statement referred to a timetable for the talks. Of course we all hope that those talks will be able to proceed successfully and that, at their conclusion, we will have what the Prime Minister indicated: a devolved assembly in Northern Ireland with sensible arrangements for north-south dialogue. That would not cause problems to my party. We hope that such an assembly will be established and that those elements in the talks that want to prevent that from happening are not able to obstruct progress in the talks.

The timetable in itself is not a problem for us because, as the Secretary of State knows, under the legislation, the forum has only a two-year existence and will cease to exist by May next year. Of course, it has been a fixed position of the Unionist parties that, without a forum, there should be no negotiations, so, unless the legislation were changed, negotiations would never in any event have lasted beyond May next year. However, let us hope that the Government mean it when they say that there is going to be a timetable for the talks. As evidence that they do, are they prepared to commit themselves to a timetable for the ending of direct rule and to give a clear undertaking today that this will be the last time that direct rule is extended?

There will be time between the end of the talks and the expiry of direct rule for the reinstatement, perhaps in an amended form, of the Northern Ireland Assembly. *[Interruption.]* Yes, it would have to be in an amended form. Therefore, if the Government are serious about their timetable, let them commit themselves to a timetable. If they are not prepared to commit themselves to a timetable for the ending of direct rule, we may be permitted to doubt their attachment to the timetable for talks.

6.17 pm

Mr. Norman A. Godman (Greenock and Inverclyde): I will be brief because I know that hon. Members from Northern Ireland wish to speak, and time is running on.

May I offer my sincere compliments to my right hon. Friend the Secretary of State for Northern Ireland for her remarkable endeavours in a post that she has occupied for only two months? Despite the fact that he claimed that I was asleep earlier, I also offer my compliments to the shadow Secretary of State, the hon. Member for Bracknell (Mr. MacKay). He made a judicious speech and was right to call for the setting up of the Northern Ireland Grand Committee. I believe that I am right in saying that the Welsh Grand Committee met today and the Scottish Grand Committee will meet upstairs on 8 July.

I also agree with the hon. Member for Bracknell that more autonomy should be given to local authorities in Northern Ireland. I hope that my hon. Friend the Minister of State, Northern Ireland Office will recall that, last week, I said that, in their quest for a modus vivendi, the representatives of the Orange Order and of the Garvaghy Road residents association could do worse than to follow the remarkable example of Canon Sean Connolly, who has suspended Saturday evening masses in Harryville until, I believe, September. Whatever our religious affiliation, we all have readily to acknowledge that that was a remarkable and magnanimous gesture. Others should seek to emulate his public-spiritedness.

Mr. Maginnis: Will the hon. Gentleman give way?

Mr. Godman: I said that I would be brief, so I hope that the hon. Gentleman will be very brief.

Mr. Maginnis: Indeed. The great majority of people from the tradition to which I belong regarded what was happening at Harryville as an obscenity. We had no sympathy for the protests made outside the church. I assure the hon. Gentleman that we take no satisfaction from what happened; nor would we have encouraged anyone to cease holding services in Harryville at any time. I believe that part of the reason why the services were brought to an end is that attendance often falls in summer when people go on holiday. We would defend the right of people in Harryville to go to their church, and many of our party members have done so with their presence and support.

Mr. Godman: I was about to thank the hon. Gentleman for a remarkably gracious intervention, but then he mentioned the falling off of attendance at services. I think that that could have been omitted from his otherwise fine intervention. Seriously, though, I am grateful for his comments.

I promised that I would be brief, and I have two questions to put to the Minister of State. First, have he and my right hon. Friend the Secretary of State any plans to strengthen the powers of the Police Authority? Secondly, what initial responses have my right hon. Friend and her ministerial colleagues received concerning the proposed Northern Ireland Assembly? In addition to the opinions offered by the Northern Ireland political parties, has any interim observation been made by representatives of the new Government south of the border in the Irish Republic?

If an Assembly is to be established, I sincerely hope that it will not be based on the system by which we are elected to this place. It has to be by a system of proportional representation—perish the thought that my right hon. Friend would ever dream of introducing the single transferable vote in a multi-member constituency. I suspect that most Deputies in the Dail would rather have a different system.

I commend to my right hon. Friend the system agreed by members of the Constitutional Convention in Scotland which is akin to the German system—a system which I have favoured all my adult life. Certainly, the first-past-the-post system would be wholly inappropriate for an Assembly in Northern Ireland.

6.22 pm

Mr. Peter Robinson (Belfast, East): The House should not consider it a slight that so few Northern Ireland Members are here. It is not simply a matter of the

[Mr. Peter Robinson]

inadequacy of the time available to consider the motion; there have been serious difficulties in getting flights to London from Northern Ireland. My hon. Friend the Member for North Antrim (Rev. Ian Paisley), the hon. and learned Member for North Down (Mr. McCartney) and some Ulster Unionists attempted to get flights, but were unable to do so.

I wish the shadow Secretary of State well as he takes on his new responsibility. This is probably the first time that the current Secretary of State has been at the Dispatch Box dealing with a constitutional motion. I hope that she has some more experience of that during her time in office and I hope that any such motion that comes here is capable of gaining the consent of the people of Northern Ireland.

I have been taking part in this ritual since 1979. I remember the early debates when it was intended that such orders were supposed to be a temporary measure. It was to be only one or two years before we had some permanent structures in Northern Ireland, and the people of Northern Ireland would have responsibility for a wide range of functions through their elected representatives. That has not been the case. Given the first year of the talks process that I witnessed, I have to say that, if it depends on agreement arising from that process, we might be coming back to renew the motion for many years to come.

The Secretary of State referred to the talks process. Many people in Northern Ireland are concerned about the initiative, if one can call it that, of the Prime Minister when he released the aide-memoire of the discussions that had been taking place under his authority with Sinn Fein-IRA. My understanding was that the Prime Minister had made it clear that the purpose of the discussions with Sinn Fein-IRA was to clarify the Government's position to them so that there would be no misunderstanding.

I thought that, when one clarifies one's position, one clarifies the position as it is; but it is abundantly clear from the aide-memoire that the Prime Minister has developed the Government's position. He has extended it and produced new initiatives in the aide-memoire. I should like the Secretary of State or the Minister of State, who is to reply to the debate, to clarify one or two points in the statement.

The first element of the statement relates to the first IRA demand that it needs a clear time scale within which it would be part of the talks process. There has been much talk in the media, and the abbreviation of this condition is that IRA-Sinn Fein will enter the talks six weeks after what is termed an unequivocal cessation of violence. That, however, is not what the document says.

The document says that it will be six weeks before the IRA will be at a plenary meeting in the talks process, but goes on to say that in the period immediately following a ceasefire, for which I must read that same day or the next day, it will have entry to Castle buildings, access to meetings with the chairman, access to meetings with the Government and the opportunity to engage in bilateral meetings with other political parties at Stormont castle. Are we clear that these contacts are to take place not after six weeks but, as the aide-memoire says, immediately a ceasefire is declared? The Secretary of State has not jumped to her feet with her characteristic promptness, but I presume that the Minister of State will attempt to answer at the end of the debate.

The Minister might also like to grapple with the issue of explaining to the people of Northern Ireland how, overnight, or—at best—in six weeks, it will be possible for the Government to assess the genuineness of any ceasefire that the IRA may declare.

The second issue that requires some clarification relates to the time frame. Is the Prime Minister saying in the aide-memoire that there will be no further extension of the talks process and that the process ends in May 1998? I should like to know the Government's view on that.

The third matter that requires clarification relates to decommissioning. It is on this issue that I do not believe the Government have fully clarified their position, perhaps deliberately. To suggest that they embrace the Mitchell report in its entirety is not the same as saying that they believe in parallel decommissioning where decommissioning would be completed by the end of the process.

All that Mitchell requires is that some decommissioning shall take place during the talks process; it does not require all decommissioning to take place and does not specify when it can start. Is it to be simultaneous? Is it to start on the first day? Are guns going to be deposited on the first day that the three-stranded talks begin? Or is it to be left to a body that is subject to an SDLP and Dublin veto to determine the rate at which the handing over of illegal weapons is to take place? If it is the latter, clearly the IRA would be in the process and would not have to hand over any guns during the entire process. The Northern Ireland public deserve a response from the Secretary of State on that issue.

I agree with the comments made by the hon. Member for Upper Bann (Mr. Trimble). I do not believe that the Government have to wait until they see the outcome of the process to make further changes, particularly in local government. I listened with some interest to the remarks made by Lord Dubs at the Society of Local Authority Chief Executives conference about how Ministers are examining changes that they might make in local government. One must, therefore, assume that they are examining the issue, regardless of whether they are doing so within or without the context of a settlement in a wider area. Perhaps the Minister will tell us what the Government will do and what their time scale will be in changing local government.

I should also like to ask the Secretary of State about the life of the Northern Ireland Forum—a body which was established by the House under the Northern Ireland (Entry to Negotiations, etc) Act 1996 and has a specific responsibility. The body was established because Parliament deemed that that was appropriate. I hoped that the Secretary of State and her Ministers would respond more favourably to meeting members of that forum and its committees.

Such meetings have not taken place. I urge the Secretary of State—who seems to be very prepared to go round the country to meet all sorts of people—to spend some time meeting those who have been elected under an Act of Parliament to represent the people of Northern Ireland in that forum. It is important that she should realise that members of that forum feel that she has snubbed and slighted them by thus far not being prepared to meet them.

The hon. Member for Hull, North (Mr. McNamara)—I think that that is still the name of his constituency—seemed to be a bit concerned about the Prime Minister's remarks about articles 2 and 3 of the Irish Republic's constitution. He should not be concerned, because I did not find anything very positive in the Prime Minister's remarks. The remarks indicated not that the Republic had to abandon its territorial claim but that the principle of consent should be enshrined in its constitution. It is, of course, quite possible for the Republic to enshrine the principle of consent within its constitution and still to maintain a jurisdictional claim.

The hon. Member for Hull, North should therefore not be too concerned about the remarks. I do not believe that the Prime Minister has gone the distance that would be required of him on articles 2 and 3, and I certainly do not believe that the Government of the Irish Republic are ready to move in that direction. A fudge by inserting the principle of consent into the Irish constitution would not be satisfactory for the Unionist community.

I should also tell the hon. Member for Hull, North that the triple lock was a device by which agreement would have to be approved by the parties and people of Northern Ireland and by the United Kingdom Parliament. Although he did not say it, I hope that he meant to tell the House that—if he envisages the fall of the talks process, and even if the issue of Northern Ireland's parties' support is not dealt with—he still believes that an agreement must have the consent of the Parliament of the United Kingdom and of the people of Northern Ireland. That is the principle of consent which was enshrined in the Prime Minister's speech.

Mr. McNamara *rose—*

Mr. Robinson: I think that the hon. Member for Hull, North wants to intervene to say that he believes only in the consent of the people of Northern Ireland. If that is what he wants to say, I will be happy to give him an opportunity to do so.

Mr. McNamara: I believe that an agreement will have to have the consent of the United Kingdom Parliament. I believe also that the people of Northern Ireland, while they are members of the United Kingdom and wish to remain so, must accept the wishes of Parliament, even if they sometimes go against their wishes.

Mr. Robinson: The hon. Gentleman does not believe in the Labour party's policy that the consent of the people of Northern Ireland will be required to make any change. I think that he would much more quickly voice his agreement if it were a matter of attaining the consent of all the people of Ireland.

Like everyone in Northern Ireland, I should like there to be a peaceful marching season. There is absolutely no reason why that should not happen. There have already been indications that, left to themselves, the loyal orders are capable of conducting dignified parades in a responsible and law-abiding manner. As the hon. Member for Hull, North said, there are two sets of rights—the right to assemble and parade, and the right to feel safe and secure in one's own home.

The only outcome of the process has been to demonstrate that there are responsibilities on both sides. The first responsibility is placed on those who participate in parades, which they must do in a sensitive and dignified manner, offering no offence to those through whose areas they may pass.

Secondly and equally, responsibilities are placed on those who live in areas through which parades may pass, to recognise people's right to exercise their cultural rights to demonstrate their own traditions. If people on both sides were prepared to do those things, I do not think that there would be a problem during the marching season. People's right to march is a basic part of our British constitution, and it should not be lost because the IRA designs and works for years to ensure that it is used as a means of conflict.

In the next days, the Secretary of State and the Chief Constable will undoubtedly have to make a difficult decision. If they will take some advice from me, they will allow the parade in Drumcree to proceed. They should also ensure that the parade is held in a manner that does not cause offence or insult to anyone. If they do that, any action that might flow in subsequent days or weeks will be clearly seen to originate with those whose only intention in the entire process is to cause tension, division and turmoil in our society.

6.36 pm

The Minister of State, Northern Ireland Office (Mr. Paul Murphy): I begin by apologising on behalf of my right hon. Friend the Secretary of State—who, of course, cannot intervene in my speech. She had intended to offer apologies for hon. Members from Northern Ireland who were unable, because of air traffic delays in Belfast, to get to the House for this debate.

The debate was short, but, none the less, it was constructive and informed. The hon. Members for Bracknell (Mr. MacKay) and for Belfast, East (Mr. Robinson) both mentioned the fact that it has been almost a quarter of a century since Great Britain has had direct rule over the affairs of Northern Ireland. The hon. Member for Bracknell also asked why an hon. Member such as myself, who represents a south Wales constituency, or himself, who represents a constituency in England, should be dealing with the daily matters of government of Northern Ireland. I believe that Northern Ireland deserves a proper, good and balanced constitutional settlement and, in this debate, many hon. Members have said the same.

The hon. Members for Upper Bann (Mr. Trimble) and for Bracknell mentioned problems with the Select Committee, with the Grand Committee and with local government. I should tell them that members of the Select Committee will soon be appointed and that the exact nature and details of the Grand Committee is being reviewed. Only this afternoon, for example, we discussed the Scottish Grand Committee. There is, therefore, no question but that we will soon deal with a Grand Committee.

Mr. Trimble: Will the Minister explain what he means by the word "reviewed"? A Grand Committee has been established and rules of procedure have been agreed and are in the Order Paper. What is preventing the Government from establishing a Grand Committee and referring matters to it, as has been done for Scotland and Wales? Week after week, at business questions, my hon.

[Mr. Trimble]

Friend the Member for Belfast, South (Rev. Martin Smyth) has been asking for Government action on the matter. What need is there for another review?

Mr. Murphy: I can reassure the hon. Gentleman that there are no problems in principle with the Grand Committee. As he knows, the previous Government made changes at the very end of the last Session. The present Government are examining the details of those changes, but the hon. Gentleman can rest assured that the Grand Committee will be established.

Let me also refer to the problems involving local government and Orders in Council. We regret those constitutional difficulties. They arise because a proper settlement has not yet been reached in Northern Ireland. When that occurs, the British Parliament will be able to say that the people of Northern Ireland will have their own arrangements. That is what the talks in Belfast that resume tomorrow are all about.

The Government's programme includes constitutional developments in Scotland and Wales, where there are to be referendums for the Parliament and the Assembly. Although the pace of constitutional settlement should allow for the inclusion of Northern Ireland, as all hon. Members know, that pace depends on what happens in the talks and in Castle buildings in the weeks ahead. We must move on to substantive issues as quickly as possible.

The hon. Member for Upper Bann referred to the problems of decommissioning, which will be examined in the talks in the next few weeks. At the end of the day, it will be for the participants in those talks—including all the parties represented—to resolve those matters. The proposals put forward by the two Governments offer the way ahead.

Mr. Maginnis: The Minister oversimplifies matters when he says that it will be for the parties to the talks to decide how we proceed. It is necessary that the disarmament commission should be put in place. That is the responsibility of the British Government in consultation with the Government of the Irish Republic. Can the Minister tell us now whether we have reached the stage of identifying a single member of that commission or whether, in fact, he is contravening article 4(e) of his own decommissioning paper by not having taken a decision on that?

Mr. Murphy: I agree that there has to be swift action regarding appointments to such bodies. That is vital. I also agree that there should be regular two-monthly assessments in the review procedure that we are discussing tomorrow and that all those matters should be speedily resolved. However, all that will depend on the participants in the talks in Belfast. I hope and pray that those decisions will be made.

My hon. Friend the Member for Hull, North (Mr. McNamara) made many interesting points. I pay tribute to all his commitment and dedication over the years on Northern Ireland matters. On the specific points he raised, obviously the triple lock applies and the principle of consent is vital to all matters involving Northern Ireland. Consent is vital and the triple lock is built in. They are the essential building blocks of any settlement that we reach.

We want Sinn Fein to be involved in the talks, and Sinn Fein knows what to do in order to be there. It needs to renounce violence and unequivocally restore the ceasefire of 1994.

Rev. Martin Smyth: The Minister was responding to the points raised by the hon. Member for Hull, North (Mr. McNamara) who referred to a quid pro quo arising out of the Prime Minister's speech on articles 2 and 3. Is there a suggestion, for example, that the United Kingdom should give up any claim on Rockall? There does not seem to be another quid pro quo, as there is no other claim by this nation on the territory of the Republic.

Mr. Murphy: The issue of east-west relations has to be examined properly. The hon. Gentleman is aware that that has to be carried out in all seriousness. I am sure that the issues will be addressed in the weeks and months ahead.

All hon. Members agree that the bomb and the ballot box do not mix. The talks will continue—if necessary, without Sinn Fein. My right hon. Friend the Prime Minister has made that clear, as has my right hon. Friend the Secretary of State for Northern Ireland, who has shown remarkable energy and courage in trying to make progress in regard to the parades. My hon. Friend the Member for Greenock and Inverclyde (Mr. Godman) said what many of us think—that we should pay tribute to the parish priest of Harryville. I was delighted that he was supported by hon. Members on both sides of the House.

We urge restraint on those who think that disorder will resolve the issue. We urge dialogue so that a local accommodation can be achieved and we urge all those who wield influence in Northern Ireland—whether it is economic, political or religious—to use all their skills to prevent confrontation in the weeks ahead.

Our comprehensive spending review provides the opportunity for people in Northern Ireland from all walks of life to let us know where their spending priorities lie. I am hopeful that this week's Budget will contain proposals to take thousands of young people in Northern Ireland from welfare to work.

The next few weeks will be testing ones for everyone in Northern Ireland. They will also be crucial for our country. Although there have been few Members in the Chamber, the world will be watching what occurs in Northern Ireland in the next two or three weeks.

We hope that the talks will move ahead quickly, that they will include all parties in Northern Ireland and that, by this time next year, we shall be well on our way to achieving a lasting and balanced constitutional settlement for everyone in Northern Ireland. I understand the problems of hon. Members on both sides of the House in coming to terms with the difficulties that we all face, but when we meet in Castle buildings tomorrow, and doubtless meet again between now and the recess, there will be a responsibility for everyone at the talks, including the two Governments, to ensure that we reach a resolution on the decommissioning project. Only then will we be able to move on to the substantive constitutional issues that exercise the minds of all who are interested in the future good governance of Northern Ireland. To that end, I commend the order to the House.

Question put and agreed to.

Resolved,

That the draft Northern Ireland Act 1974 (Interim Period Extension) Order 1997, which was laid before this House on 17th June, be approved.

Satellite Television

6.46 pm

The Secretary of State for National Heritage (Mr. Chris Smith): I beg to move,

That the draft Satellite Television Service Regulations 1997, which were laid before this House on 18th June, be approved.

The regulations have been laid before the House under section 2(2) of the European Communities Act 1972. Their purpose is to implement a judgment of the European Court of Justice concerning the United Kingdom's implementation of articles 2(1), 2(2) and 3(2) of the 1989 broadcasting directive, which is perhaps better known in the House and elsewhere as the "television without frontiers" directive.

In brief, the Court found that the United Kingdom had failed to fulfil its obligations under the directive by misinterpreting the basis on which satellite broadcasters fell within United Kingdom jurisdiction, by applying different licensing regimes to domestic and non-domestic satellite services and by exercising control over broadcasts transmitted by broadcasters falling within the jurisdiction of other member states.

This is an opportune moment to debate the regulations, as a revised version of the broadcasting directive was recently adopted by the European Parliament and the Council of Ministers.

The broadcasting directive is a single market instrument that governs transfrontier television broadcasting within the European Union. For it to work effectively, it is essential that certain elements are implemented in a common manner by all member states. One such element is the determination of which country should have jurisdiction over a broadcaster.

In the United Kingdom, the Independent Television Commission licenses and regulates all broadcasters that come under UK jurisdiction, with the exception of the BBC and S4C. Other countries operate different systems, but from the European Union perspective, the crucial factor is that each broadcaster should come under the jurisdiction of only one member state. To achieve that, it is clearly essential that a single system of determining jurisdiction is in operation throughout the Community.

That is where a problem arose. The wording of the 1989 directive was ambiguous. When member states came to implement the directive at national level, differing interpretations of the provisions on jurisdiction were exposed. The UK chose to use satellite uplink as the basis of jurisdiction. That was the criterion used in the Council of Europe's convention on transfrontier television, which predated the directive and was, to some extent, a model for European broadcasting regulation. Other member states, however, used the broadcaster's place of establishment.

Establishment and uplink are both fairly complex issues, but in simple terms, establishment concerns the place in which an organisation is based. The place of establishment of a broadcaster is generally held to be the place in which it has its head office and where decisions about programming content are made. Uplink is the technical process whereby programmes are broadcast from a specific transmitter on the earth to a satellite, from where they are subsequently downlinked back to satellite receptors on earth.

The situation did not cause too many practical problems, because the vast majority of services uplinked from the UK are by broadcasters also established in the UK. Nevertheless, it was clearly necessary to have a common interpretation throughout the EU to ensure that a member state, or its regulator, would know which Government were the sole licensing authority. Monitoring the implementation of directives, the European Commission considered that, by using uplink as the basis of jurisdiction, the UK had misinterpreted the broadcasting directive. In 1992, therefore, it initiated the legal infractions process.

In responding to the Commission, the Government of the day took the view that the UK had implemented the directive properly. The legal process was pursued through its various stages, culminating in the judgment of the European Court of Justice last September. The judgment recognised that the existing directive was ambiguous, but found that establishment was the correct basis for determining jurisdiction. The regulations implement the Court's judgment by changing the basis of jurisdiction over broadcasters from uplink to establishment.

We now also have the benefit of the revisions to the 1989 directive, including article 2, where the ambiguity to which I referred is removed. The revised directive, which was adopted by the Council of Ministers and the European Parliament earlier this month, states clearly that establishment shall be the basis of jurisdiction and sets out a hierarchy of criteria for defining the place of establishment of broadcasters. These regulations can now be read alongside the detailed guidance in the revised directive.

The practical effect of the change is minimal. According to the Independent Television Commission, of the more than 150 broadcasters currently holding satellite broadcasting licences, only half a dozen at most will be affected.

In the second part of its judgment, creating a single satellite licensing regime, the European Court of Justice found that the UK had unlawfully established two licensing regimes for satellite broadcasting in the Broadcasting Act 1990. Domestic satellite services were defined as those that used UK frequencies and were designed for general reception in the UK. Non-domestic satellite services were those that did not use UK frequencies and were intended for general reception in the UK and elsewhere. The Court's judgment found that the distinction between those two regimes was discriminatory and that the UK was favouring its own viewers by imposing a more rigorous content regime on domestic satellite service licensees.

That had not been the intention or the effect of the UK's distinction between the two regimes. The large majority of the more than 150 licensed non-domestic satellite services use non-UK frequencies, but broadcast wholly or mainly to UK audiences. The different domestic satellite regime merely applies to UK satellite frequencies the kind of procedure applied for commercial UK terrestrial broadcasting frequencies—bids for the use of the spectrum and controls on content reflecting the scarcity of the resource.

Nevertheless, under the revised directive the UK clearly must license all satellite broadcasters established in the UK on the same basis. The regulations accordingly remove the distinction between the two types of satellite

[Mr. Chris Smith]

service. The consequence of the change is to abolish the domestic satellite service regime and to rename the non-domestic satellite service. Licences issued under the new unified regime will be known as satellite television service licences.

Again, the effect of the change on existing licensees is minimal. There are at present no domestic satellite service licence holders—and there never have been. The new integrated regime, removing some of the restrictions applying to the use of UK frequencies, may, however, encourage more services to emerge. In particular, the duration of domestic satellite service licences, which requires broadcasters to plan and broadcast for 15 years, as opposed to 10 years for non-domestic services, may have acted as a deterrent to broadcasters from using UK allocated frequencies.

The Government are fully committed to complying with their international obligations. The regulations will enable the United Kingdom to do so in respect of the European Union broadcasting directive. They will not, however, have any material effect on the thriving UK satellite broadcasting industry. I commend the regulations to the House.

6.57 pm

Mr. John Whittingdale (Maldon and Chelmsford, East): This is the first occasion on which I have addressed the House from the Dispatch Box. I am happy to be able to contribute to the general harmony of this place by agreeing with the Secretary of State and saying that we support the regulations. Indeed, I understand that they were drafted under the last Conservative Government.

I convey the apologies of my right hon. Friend the Member for Horsham (Mr. Maude), who is in Hong Kong this evening, witnessing the handover. I have no doubt that he would otherwise have been replying to this short debate.

I do not believe that there is any need to detain the House on the regulations. The Secretary of State correctly explained that the first provision implements the European Court of Justice judgment, changing the basis on which the United Kingdom takes jurisdiction over a broadcaster. It is clearly sensible that that should be agreed common practice between member states. The European system—that jurisdiction is based on the country in which the broadcaster is established rather than the country from which the broadcaster happens to uplink—seems more appropriate. As I understand it, the change will have no effect on UK broadcasters and those broadcasting in the English language into the UK, merely removing an anomaly which could have been abused.

It is also worth noting that there have been suggestions that some other member states might have tried to challenge the UK's regulatory regime in an attempt to avoid having to accept broadcasts on the basis of an ITC licence alone. The change will remove that possibility so that, in future, ITC licences will be recognised without challenge across Europe.

On the second provision, the change is clearly beneficial. It will remove the distinction between domestic and non-domestic satellite services. Such a distinction is purely historic and has no relevance today. As a veteran of the Committee sittings on the Broadcasting Bill, I can say from experience that the distinction was a source of considerable confusion because, as the Secretary of State has explained, no domestic satellite services exist and all satellite broadcasts are defined as non-domestic. On occasion, that has given the impression that those companies responsible for satellite broadcasts into the United Kingdom are foreign and that they may not be subject to regulation.

Neither of those impressions is true. The best-known broadcaster, BSkyB, is a British company, which invests billions of pounds in this country and deserves proper recognition as such. United Kingdom satellite services are also rightly subject to licensing by the ITC and to scrutiny by the Broadcasting Standards Council. The new description of satellite television services is therefore both more accurate and more sensible.

The Secretary of State has explained in detail precisely the way in which the regulations will operate. We have no problems with anything that he has said and, on that basis, we are happy to support the motion.

7.1 pm

Mr. Phil Willis (Harrogate and Knaresborough): In the spirit of harmony, I, too, can say that we on the Liberal Democrat Benches are very supportive of what is proposed. As a new Member, I must confess that the statement was one of the most confusing ever delivered, but I trust that, on reading it tomorrow, I will find it much clearer.

The Secretary of State will be aware of the hysterical press headlines that greeted the European Court of Justice ruling last year that satellite broadcasters should be licensed in the country in which they have their headquarters. One may make light of that, but there was a genuine fear that that interpretation would mean that broadcasting from countries with very liberal—I use that word in its true sense—laws, especially on child and other types of pornography, was allowed into the United Kingdom.

I have only two questions for the Secretary of State. First, will he continue to be able to proscribe a foreign satellite service that, in the opinion of the Independent Television Commission, would offend good taste and decency, as has always happened in the past? Could his answer go on record? Secondly, will he ensure that the provisions of the television without frontiers directive, which protects minors, will be rigorously applied?

7.2 pm

Mr. Chris Smith: With permission, I should first warmly welcome the hon. Member for Maldon and Chelmsford, East (Mr. Whittingdale) to his new post and thank him for his welcome support for the motion. I likewise thank the hon. Member for Harrogate and Knaresborough (Mr. Willis), the Liberal Democrat spokesman, for his support. I hasten to give him assurances on both the questions that he asked. The answer to both is yes.

As the hon. Member for Maldon and Chelmsford, East said, it is of course sensible to do two things: first, there should be agreed common practice across Europe in relation to the definitions of where regulation should take place; and, secondly, the impression that domestic services are somehow foreign should be assisted by a much more accurate description—as well as unifying the two disparate definitions that we have at the moment.

It may have seemed from my speech that the statement was one of the most confusing that the hon. Member for Harrogate and Knaresborough has ever heard, but I think that when he reads it in *Hansard* tomorrow morning he will find that it is a model of lucid clarity. With that in mind, I commend the very sensible and worthy regulations to the House.

Question put and agreed to.

Resolved,

That the draft Satellite Television Service Regulations 1997, which were laid before this House on 18th June, be approved.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Contracting Out

That the draft Contracting Out (Functions in relation to the provision of Guardians Ad Litem and Reporting Officers Panels) Order 1997, which was laid before this House on 6th June, be approved.—*[Mr. Dowd.]*

Question agreed to.

Marconi Communications

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dowd.]*

7.5 pm

Mr. Simon Burns (Chelmsford, West): I am extremely grateful for this opportunity to raise the question of redundancies at Marconi Communications in my constituency. The issue is obviously extremely pressing and urgent for the people of Chelmsford and the mid-Essex area. I am delighted that my hon. Friend the Member for Maldon and Chelmsford, East (Mr. Whittingdale) is in his place. With me, he has been involved in the matter over the past two weeks or so, pursuing it at a ministerial level and with the trade unions and companies in Chelmsford.

It is a cruel irony that, when unemployment is falling significantly in the mid-Essex area, unemployment in my constituency is down from the height of 4,600 during the recession in the early 1990s to about 1,600 people, economic activity is picking up significantly and the retail sector is doing so well, once again we face a body blow of devastating proportions. Due to the ending of the cold war, the peace dividend and the world recession in the early 1990s—when the market became worldwide and far more competitive, and contracts were more difficult to win—535 redundancies at Marconi Communications have been announced, as well as the closing down of the Marconi college, with the loss of 46 jobs in the town.

It is true that Chelmsford, like other parts of the country, has paid a very heavy price for the peace dividend over the past few years. In fairness, it should be pointed out that, of all the defence-related industries in my constituency, Marconi Communications is less reliant on defence contracts, because it has been diversifying for many years and has of course benefited from a number of civilian contracts. None the less, due to the peace dividend and the contracting of the world market, it, too, has found it very difficult in the new, highly competitive market to win sufficient contracts to maintain the level of employment that it has enjoyed in the past.

To understand the impact of the redundancies, it would be sensible to put into context the history of the manufacturing base in the town and the surrounding area. Chelmsford has always been associated with Marconi companies. In my constituency, there is Marconi Communications, Marconi Radar and the English Electric Valve company. We used to have Marconi Phone and Marconi Marine, and of course, my hon. Friend the Member for Maldon and Chelmsford, East has Marconi Research in his constituency.

Chelmsford and Marconi have been synonymous ever since Marconi set up his factory in the town at the beginning of the century. Twenty years ago, the Marconi companies and English Electric Valve employed just over 11,000 people in the town—one of the main employers outside the local authorities based there—providing jobs not only directly but for all the back-up services. Over the past five and a half years, though, we have seen the all-too-dismal repetition of job losses in those companies.

In January 1992, 150 jobs were lost at Marconi Communications; in March 1992, 140 jobs were lost at Marconi Phones; in June 1992, 600 jobs were lost at Marconi Radar and 225 jobs at Marconi Communications;

[Mr. Simon Burns]

in February 1993, 95 jobs were lost at English Electric Valves; in July 1993, 300 jobs were lost at Marconi Radar; in 1994, 180 jobs were lost at Marconi Communications; and last year, a further 150 jobs were lost, also at Marconi Communications. In the past two weeks, we have felt the body blow of 535 further redundancies at Marconi Communications.

With the latest redundancies, some 3,500 people will be left working for GEC companies in the town, compared with the 11,000 of 20 years ago. Those figures show the decline in manufacturing jobs in defence-related industries in that time, with some 2,500 of those jobs going in the past five and a half years. Marconi Communications' work force will have been halved to slightly more than 500 when the current redundancies have worked through the system in the next two years. I fear that the redundancies will be front loaded, and a majority of them will occur in the early months of those two years.

Behind that dismal story is a more worrying factor—the erosion of the manufacturing base in the town. The 600 redundancies at Marconi Radar that I mentioned earlier meant the elimination of manufacturing in the town when GEC moved that activity to Leicester. Worryingly, the majority of the redundancies that have been announced at Marconi Communications represents the remaining manufacturing base at that firm. If and when they go, the manufacturing base as we know it will go, and only an assembly line and research and development will remain. That would be a grievous loss for the town and for the industrial base in mid-Essex.

Two challenges face us before the redundancies come into effect. First, we must try to salvage what we can of the manufacturing side of Marconi Communications; secondly, we must provide every assistance possible to those facing redundancy to maximise their potential to get back to work as quickly as possible. I shall deal with those challenges in order.

On the question of manufacturing, I hope that, even at this late stage, Marconi Communications will be prepared to think again. I met the trade union representatives on Friday, and my hon. Friend the Member for Maldon and Chelmsford, East will meet them on Thursday. I have written to the managing director of Marconi Communications requesting a meeting with my hon. Friend, me and the trade union representatives to discuss whether it is possible for the firm to reconsider its decision. I understand that no company makes people redundant lightly. It is done because of economic circumstances. However, because Marconi will continue to assemble products on the site, it is worth asking the company to reconsider its decision.

I wish to suggest a number of options that may provide a way forward, although I know that it is not the Government's role to create jobs per se. It never has been, and it would be foolish of me, simply because we no longer have a Conservative Government, to change my long-held view and start blaming this Government for what has happened. Governments can—indeed, it is a fundamental responsibility of Governments, regardless of their political complexion—create the economic climate in which jobs can be created.

If industry and commerce flourish, that will stimulate demand so that people wish to buy the goods or services available, and that leads to job creation. Governments can also create an environment that encourages companies to invest in research and development to identify niches in the market and fill them with new products for people to buy, to safeguard and create jobs.

If it is not feasible or possible for Marconi Communications to reconsider and moderate its proposals, I wish to ask whether consideration can be given to a management buy-out so that manufacturing work can continue on the manufacturing site in the town to supply the assembly lines of Marconi Communications. The people who are facing redundancy are a highly skilled and trained work force, and are used to the ways of the company because they have worked there—in some cases, for many years. Why not harness that expertise and experience through a management buy-out so that the work force can continue to produce the parts and components that Marconi needs for the assembly of its products?

If that is not possible—the management may not wish to invest their redundancy money in a management buy-out—other workers may wish to group together to set up small satellite companies to do the supply work. Other companies in the mid-Essex area already supply the GEC companies and that option could be encouraged. It is a truism, but also a fact of life, that the small businesses of today can become the medium and larger companies and employers of the future. If people can use their skills, with advice, encouragement and help, to set up businesses—as happened to one small company when Marconi Radar made manufacturing redundancies a few years ago—part of the manufacturing base would be safeguarded. I hope that the company will seriously consider those ideas when our meeting takes place in the next few weeks.

The Government have a role to play, even if indirectly, in job creation. As I said earlier, Governments do not have the power to create proper jobs, although they can throw money at artificial jobs, which is in no one's long-term interest. Governments can ensure that the available schemes are used to the maximum effect to help people facing redundancy. I wish to thank the Minister for her prompt reply to a written question that I tabled two weeks ago. She announced that employees from Marconi Communications would have immediate access to the Government's training-for-work programme and that the normal qualifying period of six months' unemployment would be waived. That is greatly appreciated in my constituency as a positive and meaningful step forward to help people who are currently distressed by, and worried about, the uncertainty that they face.

The Minister also mentioned in her answer that further measures are being considered for the action plan, including advice, guidance, training courses, help with job search and assistance to individuals and groups interested in starting their own businesses. That action would dovetail easily with any aspirations to set up satellite companies. The written answer also mentioned help under the KONVER programme, which I remember pursuing vigorously, with my colleagues, when I was a parliamentary private secretary at the Department of Trade and Industry.

That will help, as did the long-term investment for the advanced manufacturing centre in Chelmsford when the last major wave of redundancies was announced in the

town. That has done so much to help the people who were made redundant to get retraining and to set up small businesses from a basis of a total lack of knowledge of how to do so. The centre does tremendous work, and has dedicated staff to whom I pay tribute. The scheme was financed with European money, and I subscribe to the old adage that, whatever one's view of a scheme, it is better for it to come to one's constituency rather than go elsewhere.

We are grateful for all the work that is being done to try to help people and to minimise uncertainty, as that is as great a problem for individuals as their redundancy. It is good that the company has hired consultants to help the work force with advice and counselling. I am pleased by the actions of the Employment Service, the Essex Careers and Business Partnership, the Business Development Advisory Service, business link, Essex county council and Chelmsford district council. The advanced manufacturing centre and Essex training and enterprise council are also involved, and I saw the chief executive of Essex TEC on Friday morning.

The swift action from those organisations and the Government's regional offices is heartening, and they have tried to come up with practical help for those people, rather than just sitting around a table and talking in meaningless platitudes. I have seen the programme produced by the TEC for the different activities and time scales of the different organisations and its projections of what they will be doing in the future. That part of the package has been prepared and is greatly appreciated. I should like the Minister to elaborate on the help, advice and training to which she has referred, so that we know exactly what will be on offer and what people can expect. They can then start thinking seriously about the best way forward to maximise their opportunities in securing another job.

Secondly, I am grateful to the Minister for Defence Procurement—whom my hon. Friend the Member for Maldon and Chelmsford, East and I visited last week—for his comments on the Government's defence procurement policy. Clearly, this is not a significant matter for Marconi Communications, but it is important to the other companies in the town which are more reliant on defence procurement contracts. Obviously, a great deal of the work of Marconi Communications is in the civilian sector, although there are overlaps with military contracts.

I was pleased by the assurances from the Government that they plan to continue the policy of the previous Government of a £9 billion-plus defence procurement budget, in which about 90 per cent. goes to British companies—or to conglomerates of which 50 per cent. consists of British companies—to safeguard British jobs. Clearly, contracts can be placed only when it is feasible to do so, as the British taxpayer must get value for money and the armed forces must get the best equipment possible. It is heartening that the Government are committed to continue the last Government's policy where it is feasible.

I should be grateful if the Minister could elaborate on what the Government's plans for a defence diversification agency mean and how they would impact on defence-related industries. From a philosophical, rather than a narrow party political point of view, there is a potential difficulty which, without knowing the full details about the agency, means that one has to be cautious. We have seen in the past—particularly in the 1970s—well-meaning, although misguided, examples where agencies sought to guide and influence commercial decisions. That failed because business men and their companies know the best decisions to take. I should be worried if an agency were to be seen as interfering in the running of a company.

That may not be the case, and we are in the dark as to the aims, aspirations and purpose of the agency. It would be interesting to know more about how the agency would impact on larger companies, although I can see how it could impact on small and medium companies. Marconi has had the commercial sense in the past decade to see that it was important to diversify and broaden its base. In fairness to the Marconi companies, they have done so. The trouble is, as any business man knows, that when a company seeks to diversify beyond its core business into areas where there are already established companies, it is more difficult entering the new markets. Notwithstanding that, the Marconi companies have made strenuous and successful efforts to diversify their base into civilian markets, and that is a positive thing.

I have said on numerous occasions—when, sadly, I have had debates of this nature—that I am not of the neanderthal school of politics, believing that anyone who is unemployed is a scrounger. That is a travesty. Those people are desperate for work, and they do not want to be reliant upon the state for their income. They want to work and contribute to companies so as to enhance and improve their standard of living.

We are grateful for the help that has been given so far, and I am grateful to the Minister for being here to reply to the debate. We look forward to what she has to say, so that my hon. Friend the Member for Maldon and Chelmsford, East and I can tell our constituents what is going on. We want to tell them that they will not become the forgotten people of Chelmsford, languishing in the dole queues with no one giving a damn. They will know that my hon. Friend and I—despite our limited powers to do anything—will continue to pursue the matter to make sure that they get all the help to which they are entitled for retraining, counselling and advice so that they can get back to work as quickly as possible.

7.28 pm

Mr. John Whittingdale (Maldon and Chelmsford, East): I congratulate my hon. Friend the Member for Chelmsford, West (Mr. Burns) on his initiative in obtaining this debate, and I thank him for allowing me to speak briefly in it. I am also grateful to my right hon. Friend the Member for Wokingham (Mr. Redwood), the shadow Secretary of State for Trade and Industry, who has taken the time to attend the debate.

My hon. Friend has ably represented the town of Chelmsford for the past 10 years. Sadly, he has had some experience of trying to ensure that as much help as possible is given to those who have been made redundant from Marconi.

As the Member of Parliament representing Maldon for the past five years, I have obviously been aware that a number of my constituents in the Maldon district have been affected by the redundancies. As a result of boundary changes, I now represent part of Chelmsford town, so I shall work even more closely in future with my hon. Friend the Member for Chelmsford, West on behalf of the people of Chelmsford.

[Mr. John Whittingdale]

I do not want to add a great deal to what my hon. Friend has said about the plight of those who have been made redundant, but I reiterate that I do not expect the Government to dissuade Marconi from its course, which is a matter for the company, operating, as it does, in a highly competitive environment; of course, it has to make its own commercial judgments.

My hon. Friend and I will be anxious, however, to ensure that every possible option is considered before the last option of declaring the redundancies. We will want to be satisfied that there are no alternatives of the kind that he has described. I shall meet the trade unions later this week, and I hope that my hon. Friend and I will both have the opportunity to lead a delegation to meet representatives of the company management in the next few weeks.

I also look to the Government to ensure that every help is given to those who have been made redundant. My hon. Friend has described the help being given by the various agencies that are active in Essex, and I add my thanks to all those involved for the swift and compassionate way in which they have responded to what is clearly a serious blow to the town. In particular, I know that Essex training and enterprise council responded extremely quickly and is active in trying to provide help.

The picture is not entirely bleak. There is no doubt that new jobs are being created in Essex. A few months ago, Boulton and Paul, a company making kitchens and doors in my constituency, sadly announced that it would be closing its facility in Maldon, with the loss of about 200 jobs—that is a serious blow to Maldon—but a few weeks later I visited another company, Keltek EDMS, about 100 yards away, which was about to create a new facility in the town, with 220 new jobs, making printed circuit boards.

Inevitably, there will be change in the employment pattern, but it is not all one way. A week ago, I visited one of the most successful employers in Maldon, Industrial Control Services, which makes safety and control systems. I was told that the outlook for the company was extremely bright, that it was winning orders from throughout the world and that if it had a problem it was the shortage of skilled engineers.

New jobs exist. The task that we have now is to try to ensure that those who have lost their jobs at Marconi are swiftly placed in those new jobs. There are various ways in which that can be made to happen. Already, some of the agencies are trying to ensure that it happens as quickly as possible. I want to hear from the Minister tonight about any additional measures that she can offer the constituents of me and my hon. Friend, to ensure that the period of unemployment that sadly faces them is as brief as possible.

7.33 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mrs. Barbara Roche): I have listened with great interest to the hon. Members for Chelmsford, West (Mr. Burns) and for Maldon and Chelmsford, East (Mr. Whittingdale), and I thank them for the extremely valuable points that they have made. I greatly appreciate the constructive and helpful way in which they have addressed the issue. There is no doubt that both hon. Gentlemen have done a great deal of work with all the interested parties as constituency Members of Parliament, to ensure that this difficult issue is dealt with as sympathetically as possible.

I share the hon. Members' concern about the redundancies, and I hope that the measures that I outline tonight will show that effective action is being taken to improve the employment prospects of those affected. As they pointed out, the redundancies will have a significant impact on the Chelmsford economy, not only in themselves but in the knock-on effect on the many local suppliers.

When large-scale redundancies occur, co-operation between all local partners is essential. I am grateful that tribute has been paid to the parties concerned. Chelmsford borough council convened a meeting of the key players, including Marconi Communications, at which Essex training and enterprise council offered to co-ordinate the efforts of the partnership, and it has drawn up a plan of action.

I have visited Essex TEC and I know how hard it works. It has assigned an adviser and account manager to keep in close contact with the company. I know that the hon. Member for Chelmsford, West has also met Essex TEC and that it will keep him fully briefed about the activities being undertaken.

Business Link Essex is already working with Marconi to identify suppliers whose businesses may be at risk as a result of the planned redundancies. I had the great pleasure of attending the opening of BLE a few months ago. It is offering support and advice to ensure the continued success of those businesses by developing their activities in other areas.

I totally agree with the hon. Member for Chelmsford, West about the importance of diversification. Chelmsford's great advantage is the skills base of its people. That will do a great deal to ensure that other businesses will grow and flourish.

The Employment Service, together with the Essex careers and business partnership, will provide advice on services and benefits available to those under threat of redundancy, assisting Grosvenor Associates, outplacement consultants engaged by Marconi, in setting up a job shop on the company premises. That will not only have all the vacancies available locally but will offer guidance and assistance to those wishing to make applications for new jobs. Clearly, it will have an important role to play in the area.

For those wishing to go into self-employment, a range of services will be on offer from the Business Development Advisory Service. Support is also available to any start-up businesses set up by redundant workers through the Centre for the Advancement of Manufacturing and Technology in Chelmsford. Essex county council is also offering managed work space as an additional way of supporting those start-up businesses.

In appreciation of the special needs of the redundant workers, the TEC has already waived the six-month qualifying period for access to training for work. It is primarily designed to help unemployed adults to get jobs, including self-employment, as quickly as possible, through an appropriate mix of guidance, training, approved qualifications and structured work experience. The training for work programme in Essex is one of the

most successful in the country, with nearly 60 per cent. of those undertaking it immediately moving into employment.

Those measures are designed to alleviate the immediate needs of the area, but, as the hon. Gentlemen have pointed out, Chelmsford faces considerable long-term difficulties. The town has traditionally been dependent on high-technology, defence-related industry, with Marconi Communications, Marconi Radar Systems and EEV providing most of the employment within that sector. As the hon. Gentlemen said, as a result of the peace dividend and the recession of the early 1990s, there has been a general decline in defence-related manufacturing which, regrettably, has resulted in the redundancies announced by Marconi.

The growth in the service sector has to some extent offset the decline of the manufacturing sector. Public administration provides 26,000 jobs. Both the financial services and the hotel and distribution sectors play a significant part in local employment, providing a further 20,000 jobs. Chelmsford is the main United Kingdom base for Britvic Soft Drinks Ltd. and is also the administrative headquarters of the investment managers, M and G Group.

Chelmsford has a growing reputation as an ideal place for new and expanding businesses to settle. As the hon. Member for Maldon and Chelmsford, East said, the picture is not all gloomy. It has a strategic location, close to London, Stansted airport and the ports of Tilbury, Harwich and Felixstowe, and its work force is well trained, highly qualified and adaptable, so it is clear why companies such as Royal Mail, Royal Insurance and Barclays Bank have recently chosen Chelmsford. I am sure that, given the skills and abilities of the work force, those will not be the only locations and relocations.

The hon. Member for Chelmsford, West mentioned the KONVER programme. Although the Chelmsford economy has diversified away from defence-related manufacturing, the problems of defence rundown continue. That is why Chelmsford is designated as a KONVER area. Since 1993, KONVER has enabled affected regions to respond to factory closures and deal with high job losses. KONVER funding is already being used to help train and retrain employees of firms dependent on the defence sector in the Chelmsford area. Organisations such as Essex TEC, Essex county council and Anglia polytechnic university have developed a wide range of vocational guidance and vocational training projects. The TEC alone has helped to retrain more than 400 former defence workers since the start of 1996.

More than £1 million from KONVER has been used to establish a regional centre for the advancement of manufacturing and technology, the AMT, whose activities include hands-on experience of modern machine tools, high-level training, technology transfer, prototype development and advice. As the hon. Member for Chelmsford, West knows, I visited the centre a few months ago and was tremendously impressed by its work. Much knowledge and experience, which can help both well-established and newly established firms, can be found there. The centre clearly enjoys much respect in the local business community.

I am certain that the centre will provide a vital base for re-employment of the well qualified and highly skilled local work force. It helps small and medium-sized firms to develop new products and improve competitiveness through the introduction of new technologies and training. As the Minister responsible for small firms, I am acutely aware of the needs of small and medium-sized businesses and I am working through the network of Business Links to develop support and advice that can be accessed by all SMEs.

I agree with the hon. Member for Chelmsford, West about SMEs, which are essential to Britain's competitive edge and central to the Government's competitiveness agenda. The encouragement of high-tech SMEs is a key factor in our programme. That is why I believe that our programme is in line with the way in which local businesses in Chelmsford, especially local start-up businesses, can be helped. Chelmsford's work force clearly has the skills, know-how and dedication to make SMEs a success.

Over the past year, the AMT has saved more than 200 jobs in businesses threatened with closure and has directly supported growth in businesses providing a further 100 jobs. It has also run two meet-the-buyer events, attracting more than 100 national and international buyers and providing direct sales meetings for more than 600 local businesses.

The AMT estimates that more than £2.5 million worth of business was brought to Chelmsford in that way. Such work is essential in the climate of redundancies. Any encouragement to start-up businesses is important, in that the development of regional supply chains and networks is vital. That may be one subject which the hon. Member for Chelmsford, West could discuss further with the AMT.

The centre will work with its current partners to interview individuals affected by the latest round of redundancies to ascertain their transferable skills and how it can help by customising training courses to suit their future needs.

The hon. Members have drawn attention to the many people who are unemployed in their constituencies as a result of a series of redundancies at defence manufacturing establishments over the past few years. Tackling unemployment is one of the new Government's key priorities, and we intend to tackle it during lifetime of this Parliament. Our first priority is the "new deal" and measures to reduce unemployment among young and long-term unemployed people. Work is already under way to put that initiative into action.

The hon. Member for Chelmsford, West also stressed the importance of defence procurement decisions to the prosperity of towns such as Chelmsford. As the Prime Minister said, the Government are committed to service. That is an attribute long possessed by our armed forces, which are admired around the globe. Our commitment is to provide them with a longer-term sense of direction and a stable basis for defence policy and planning. The current strategic defence consideration is designed to ensure that our security and defence needs are matched by appropriate capabilities, both for today and for tomorrow's challenges.

Out of that defence consideration will come a procurement policy that will provide industry with the longer-term vision that it needs if it is to realise projects of the highest quality and value for money. If British industry can supply to specification, to cost and to time in a way that represents best overall value for money, it

[Mrs. Barbara Roche]

will ensure success at home and abroad. I am delighted that the hon. Member for Chelmsford, West had a useful meeting with my ministerial colleagues at the Ministry of Defence.

Our commitment to service and to our armed forces requires that we give them the best equipment to do the tasks that we require of them. However, we are committed to a strong UK defence industry that is a strategic part of our industrial base as well as our defence effort. The industry employs some 360,000 people across the country, wins 90 per cent. by value of our business and, last year, won £5 billion-worth of export orders. That is quite a record.

It is that strength on which we wish to build for the future. We want to maintain strong links between the user and the industrial base. We want a partnership between Government and industry to enhance our economic prospects and our national security. We want to ensure that we maximise the contribution of our defence effort to the wider economy.

I agree with the hon. Member for Chelmsford, West that it is important that regional and industrial policy implications are well understood in taking procurement decisions. That is why my Department works closely with the Ministry of Defence on issues that affect the competitiveness of the UK defence industry. My officials ensure that the industrial implications of MOD procurement decisions are taken into account. They work closely with industry to ensure that all matters are taken into full and active consideration.

The hon. Member for Chelmsford, West asked about defence diversification. We support a strong UK defence industry that is a strategic part of our industrial base as well as of our defence effort. As stated in our manifesto, we believe that some of its expertise could be diversified by extension to civilian use. Nowhere is better equipped for that than Chelmsford.

The objective would be to widen the contribution made by the UK defence industrial base to Britain's economic performance by diversifying some of its technological processes and manufacturing skills into new markets. We should certainly ensure that the investment that we make in defence equipment research and technology is put to good use for the economy as a whole.

We are actively considering the establishment of an organisation with specific responsibilities for diversification issues. The aim will be to ensure better co-ordination between Government Departments on issues such as regional policy, training and business planning to develop a positive strategy for industrial regeneration.

As my hon. Friend the Under-Secretary of State for Defence told the House on 16 June, we will be making proposals in the autumn on how best to give effect to our objectives for defence diversification. Those proposals will include how best to harness the contribution of the Defence Evaluation and Research Agency to those objectives. I will certainly ensure that the interesting remarks of the hon. Member for Chelmsford, West are drawn to the attention of my ministerial colleagues as they formulate their policies in that area.

I hope that what I have said will reassure the hon. Gentlemen that I fully recognise the problems that the redundancies announced by Marconi will create. I welcome the initiatives that local partners are taking. The speed with which that response has been put together underlines the fact that the matter is being taken seriously.

Considerable efforts have also been made in the long-term restructuring of the Chelmsford economy away from defence-related manufacturing. That accounts for the relative prosperity of that part of Essex. Many local agencies can take credit for that. More work remains to be done, however, and we will continue to support the local partners who can best take that forward.

I fully recognise all the difficulties that the redundancies have caused for individual employees and their families. I appreciate the efforts that the local Members of Parliament have made to work constructively with the company, the trade unions and all the local partners. For our part, the Government will ensure that we do all we can to support their efforts.

Question put and agreed to.

Adjourned accordingly at nine minutes to Eight o'clock.

House of Commons

Tuesday 1 July 1997

The House met at half-past Two o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

PRIVATE BUSINESS

KING'S COLLEGE LONDON BILL *[Lords]* (*By Order*)

Order for Third Reading read.

To be read the Third time on Tuesday 8 July.

LEVER PARK BILL (*By Order*)

Order for Second Reading read.

To be read a Second time on Tuesday 8 July.

Oral Answers to Questions

ENVIRONMENT, TRANSPORT AND THE REGIONS

Climate Change

1. **Mr. Alan Simpson:** To ask the Secretary of State for the Environment, Transport and the Regions what assessment he has made of (a) the recent research about climate change and (b) the consequent anti-pollution targets which Britain must set and meet. [4664]

The Minister for the Environment (Mr. Michael Meacher): The Government have studied the scientific assessments of the Intergovernmental Panel on Climate Change and believe that urgent action is needed to tackle the threat of global warming. We will press for all developed countries to agree significant reductions in greenhouse gas emissions at the Kyoto conference on climate change in December, backed by our target of a 20 per cent. reduction in carbon dioxide emissions below 1990 levels by 2010.

Mr. Simpson: I thank my right hon. Friend for that reply. Will he acknowledge that the achievements in reducing United Kingdom CO_2 emissions under the Conservatives were largely based on the destruction of the coal industry and a recession in manufacturing? Meeting further reduction targets by 2005 will need a more constructive programme. What will be the components of the Government's programme? Will my right hon. Friend join me in urging the Chancellor to announce an immediate programme of investment in low-impact technologies for the future and energy conservation for the present to supplement his long overdue and most welcome intention to reduce VAT on energy-saving materials in tomorrow's Budget?

Mr. Meacher: My hon. Friend is correct to say that the achievement of cutting CO_2 emissions over the past seven years has been at the cost of the decimation of the coal industry and the destruction of coal communities. No positive policies to achieve that needed reduction in CO_2 emissions were put in hand. We shall certainly do that on the basis of a three-part policy: first, a new transport policy to encourage the use of public transport and more discriminating use of the private car; secondly, through greater use of renewable sources of energy, including combined heat and power; thirdly, through a big increase in home and industrial energy efficiency programmes. I pay warm tribute to my hon. Friend for his constant lobbying on behalf of his measure, the Warm Homes and Energy Conservation (Fifteen Year Programme) Bill. I am unable to anticipate what my right hon. Friend the Chancellor will say tomorrow, but we have certainly listened carefully to my hon. Friend's constant pleading.

Mr. Yeo: I am not sure whether the Minister's reply shows that there is about to be a reopening of coalfields under national ownership. Will he try to answer his hon. Friend's question? When will the Government state their policies to achieve the ambitious new target that they have just set for cutting carbon dioxide emissions? It is one thing for the Prime Minister to waft through New York and make a speech to win a few easy green plaudits, but what are the Government's specific policies to achieve those goals?

Mr. Meacher: The speech by my right hon. Friend the Prime Minister in New York in the past week was universally applauded and widely accepted, even by the President of the United States, who paid tribute to Europe's role in which we are taking a lead. The Government have already set out—and I have mentioned to the House—a detailed programme. After the Kyoto conference, when we know the exact targets that have been agreed, we shall present a revised climate change programme. We shall present a White Paper, I hope early next year, that deals particularly with our integrated transport policy, which is a key part of the whole strategy.

Mr. Jim Marshall: Does my right hon. Friend agree that, when politicians put green policies at the top of the political agenda, it usually means substantial indirect tax increases?

Mr. Meacher: As I have just said, this policy has many different strands, many of which do not involve fiscal measures, but I would be the first to recognise that fiscal measures, direct or indirect, can play an important role. We are, of course, considering those because we are determined, unlike the previous Government, to achieve our targets through proper, positive measures.

Mr. Matthew Taylor: Although the Minister cannot anticipate what the Chancellor of the Exchequer will say in his Budget tomorrow, will he say whether he has urged the Treasury and his fellow Ministers to accept the argument that energy-saving materials should be no more heavily taxed than energy itself?

Mr. Meacher: I am certainly on record as supporting that argument. Such a policy is desirable, but the hon. Gentleman will have to wait until tomorrow to find out whether it is in the Budget.

Regional Development Agencies

2. **Ms Ellman:** To ask the Secretary of State for the Environment, Transport and the Regions what response he has received from the public, private and voluntary sectors in the north-west on the first regional consultation for setting up regional development agencies. [4665]

The Minister for the Regions, Regeneration and Planning (Mr. Richard Caborn): I visited the north-west on 11 and 12 June as part of the Government's consultation on regional development agencies. I discussed our proposals with key players from the public, private and voluntary sectors in the north-west and was impressed by the enthusiasm with which the proposals were greeted. May I put on record the tremendous role that my hon. Friend has played in developing regional policy in the north-west and in bringing the many actors in the region together?

Ms Ellman: Does my hon. Friend agree that the north-west development agency will bring tremendous benefits to regions such as Liverpool by allowing environmental, transport and investment issues to be considered as part of one strategy and by enabling the public and private sectors to work together to meet identified needs?

Mr. Caborn: The answer to that is yes. I was pleased to have discussions with the major partners in the north-west, particularly those from Merseyside, where they were trying to identify a strategic overview that would start to address some of the structural weaknesses in the competitive base. They are saying clearly to the Government that there is a lack of direction and of a strategic overview at regional level. Regional development agencies will fill that vacuum.

Mr. Fabricant: Will the hon. Gentleman point out exactly what the role of regional development agencies will be compared with that of local government? Will they replace local government? Will they be additional to local government? Where will they fit in with the regional governance that was talked about before the last election?

Mr. Caborn: First, regional development agencies will try to start to clear up the mess that the previous Government left. They will start the move away from quangoland and bring some sanity to the sector. May I inform the hon. Gentleman that, when the Trade and Industry Committee considered regional policy driven from a competitive perspective, it found that more than 70 organisations were trying to deliver economic regeneration. Those are the problems that have been left by the previous Administration; we will clear them up in partnership with the real wealth creators.

Mr. Fabricant: A review?

Mr. Caborn: Can I just tell the hon. Gentleman that, when I was speaking to some of his colleagues from the Conservative party, and I asked whether they agreed with the previous Government's policy, they said no and that they held the new Conservative view; the old Conservative view is present on the Conservative Benches.

Water Leakage

3. **Mr. Hutton:** To ask the Secretary of State for the Environment, Transport and the Regions what estimate he has made of the extent of water leakage in the north-west. [4666]

12. **Mr. Goggins:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement about water leakage in the north-west. [4675]

The Deputy Prime Minister and Secretary of State for the Environment, Transport and the Regions (Mr. John Prescott): According to the Office of Water Services figures for 1995-96, North West Water lost about 34 per cent. of the water put into supply through leakage and Chester Water about 23 per cent.

Mr. Hutton: I thank my right hon. Friend for his reply. Does he accept that my constituents and people throughout the north-west are deeply concerned about the scale of the problem and about the lack of any effective action by the previous Government to deal with it? I congratulate him on the action that he has taken so far and urge him to continue to exert the maximum pressure possible on water companies in the north-west to deal with the problem.

Mr. Prescott: I am grateful for my hon. Friend's response. We intend to do everything we can to reduce leakage. The tremendous loss is paid for by the consumer and water, which is an essential and valuable resource, is lost. At our summit on 19 May, we gave the companies three weeks to reply to the 10 points about how water can be used much more efficiently and how leakages can be reduced. They have all responded. We are considering their replies and I hope to report to the House shortly.

Mr. Goggins: Is my right hon. Friend aware that, in my constituency, North West Water is currently losing about 56 gallons of water per day per property through leakage, and that even if it hits its target for leakage it will still be losing 46 gallons per property per day? Given that United Utilities made a profit of £440 million last year and that boardroom pay has increased by 268 per cent. since privatisation, does he agree that it is time for a radical shake-up of priorities?

Mr. Prescott: I certainly do. That is what the water summit was about. The proposals that we made and the 10-point plan will achieve that. I hope to report to the House shortly. I visited New York recently—last week, in fact—for the UN summit and used the occasion to speak to the authorities there. Their leakage rates are less than 10 per cent. and they use technology produced in this country, so I see no reason why we cannot achieve such levels.

Mr. Brady: Will the right hon. Gentleman join me in applauding North West Water for its investment in combating leaks? Will he particularly applaud the extension for a further year of the free leak repair service, which has already tackled 15,000 leaks on people's property? What assessment has he made of the damage that may be done by the windfall tax to the investment in combating leaks?

Mr. Prescott: I think that judgments about the windfall tax should be made after the Chancellor has made his Budget statement tomorrow, but it is totally unacceptable that water companies have such high leakage rates. Their investment is insufficient and their profits are, in many cases, far too great and not justified. That is why we held the summit. We are entering positive dialogue with water companies to see how we can get better and more efficient use of water. As soon as I have come to conclusions on that, I will, as I have told the House, report back.

Mr. David Davis: Since the Secretary of State says that investment is insufficient, will he tell the House what was the level of investment in the water industry in 1989, before privatisation, and what it is today?

Mr. Prescott: I am quite prepared to say that, under all Administrations—Labour and Conservative—the approach to capital investment in our nationalised industries was totally inadequate due to a number of Treasury rules that were pursued at the time. I inherit a problem of privatised water companies having the highest leakage rates of any water authority in this country and abroad and I intend to make a change, as it is totally unacceptable. The investment equation is one part; the commitment to do something is another. After reaching our conclusions, I hope to repair some of the damage that has come about as a result of water privatisation, for which the Conservatives were responsible when in government.

Earth Summit 2

4. **Mr. Bennett:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement about Earth summit 2. [4667]

Mr. Prescott: Initiatives on the sustainable management of forests, on the provision of fresh water, on energy management and on oceans were agreed. My right hon. Friend the Prime Minister's address to the UN General Assembly established the UK as one of the leading players in the international debate on sustainable development. The Prime Minister will also make a written statement shortly.

Mr. Bennett: I thank my right hon. Friend for that answer, but does he accept that, really, the conference was high on pious words and not very good on promises of action? What was signed up to which this country and other countries will achieve?

Mr. Prescott: Without doubt, the agreement fell short of what we would want to achieve. It was a conference to report back on the Rio conference and to see whether the rhetoric—if you like—of the Rio conference was matched by deeds. I think that it is generally agreed that, out of the industrialised nations, only Britain, Switzerland and Germany will achieve the Rio greenhouse gas targets. Other industrialised countries have failed to do that and to achieve the aid programmes that were set and the transfer of technology.

The agreement was not very good, but some steps forward were taken. The agreements on the oceans, on fresh water and on the forests were a step forward, although they were not all that we wanted. We have to recognise that the Kyoto agreement is the one where the real test will come: nations will have to make a judgment as to how they will set targets and whether they will achieve them. The full measure of—and a judgment about it—success against the targets on climate change will emerge when the statements are made at the Kyoto conference.

Mr. Gummer: I have always respected the right hon. Gentleman for the directness of his language. I wonder whether he would be prepared to tell the President of the United States—primarily because the United States is the largest waster of energy in the world—that he has disappointed the entire world in his refusal to take on board real reduction targets and real dates. Although the United States has only 4 per cent. of the world's population, it uses 20 per cent. of the world's resources. Will he clearly tell the President that it is about time that he put his money where his mouth is?

Mr. Prescott: The right hon. Gentleman makes an important point about America's contribution to greenhouse gases. My right hon. Friend the Prime Minister was the first Prime Minister to be critical of an industrial nation that had not achieved its environmental objectives. I note the right hon. Gentleman's strictures on the American President, but I also note that he did not make the same criticism of European industrial nations that have not achieved the same objective. It is for him to make a judgment on that matter.

The point that I should make—a point that the President and the Vice-President of the United States made to the conference—is that we will have to convince the electorate. We pressed very hard and made it clear that everyone signed up to the Rio agreement, but the United States and a majority of industrialised nations failed to achieve the target. In his speech on Thursday, the President made it clear that the United States will present proposals at the Kyoto conference. We await those proposals.

I should also tell the right hon. Gentleman that, an hour to two ago, I met a delegation of American Senators. They clearly dispute the targets—and they are the ones who will have to be convinced, even by the President of the United States. The right hon. Gentleman should therefore take into account some of the political considerations before expressing his stricture on the President of the United States.

Sir Norman Fowler: Will the right hon. Gentleman accept that Britain will be one of only three countries to meet the reduction levels agreed at Rio in 1992 because of the actions of the previous Conservative Government and of my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer)? Does he further accept that the public will not support generalised and indiscriminate tax increases that are simply disguised as green initiatives?

Mr. Prescott: First, I congratulate the right hon. Gentleman on taking charge of the shadow portfolio on the Department of the Environment, Transport and the Regions and welcome him to that position. It is not the first time that we have met across the Dispatch Boxes. After the previous Government's record, however, I was surprised to hear him talk about taxation. I should remind him that the landfill tax, which was quite a good tax, was

levied for environmental reasons. I should think that he went through the Lobby to support that tax. I suppose that, until he has fully learnt his brief, we will have to take his comments with a pinch of salt.

It is important properly to recognise the role of the previous Administration in achieving the targets. I was delighted to accept the right hon. Member for Suffolk, Coastal (Mr. Gummer) as a member of the British delegation to the UN. We do not oppose him ideologically on environmental issues, although previously I have opposed him on other matters.

We want to make real change. There should be no doubt, however, that the first stage in achieving that goal was made at the expense of 100,000 miners and mining communities in the United Kingdom. I would have greater respect for the views expressed by Opposition Members if more had been done to help coal communities pay that price, which has enabled us to claim to be on a high moral plane.

Difficult decisions will have to be made. Achieving the second stage in our greenhouse gas reduction targets will entail action on transport and renewable energy issues and we are spelling out the policies by which we will attempt to achieve that goal. We have been in office for only eight weeks, but we have made progress in making the important decisions that will be necessary for change. Our commitment to progress is why the most powerful delegation ever sent by Britain to a UN conference established itself as a real authority on the work done by the previous Administration.

Revenue Support Grant

5. **Mr. Illsley:** To ask the Secretary of State for the Environment, Transport and the Regions what action he intends to take to ensure an equitable distribution of revenue support grant for 1998–99; and what proposals he has for future years. [4668]

The Minister for Local Government and Housing (Ms Hilary Armstrong): We are discussing with the Local Government Association possible improvements to the calculation of standard spending assessment.

Mr. Illsley: I am grateful to my hon. Friend for that reply. May I impress upon her the importance of achieving some redistribution of revenue support grant for the financial year beginning next April? I appreciate that she is talking to local government associations, but I hope that some action can be taken in the short term, with further consultation for future years, to try to get rid of the unfairness of SSAs. I know that my hon. Friend has received several representations that have produced ideas for redistribution and I hope that she will take the ideas on board.

Ms Armstrong: We are considering all the suggestions that are being made, both for the short term and for the long term. As my hon. Friend knows, we are committed to achieving as fair a distribution as possible. If, however, I took all the representations on board, I would have to work one against another because some are directly contradictory. We are determined to work to ensure that some of the gross unfairnesses that were apparent in last year's distribution are not apparent in future.

Mr. Chope: Everybody is in favour of equitable distribution of grant, but will the Minister tell the House which local authorities she considers are receiving too much grant? Before she joins the predictable chorus of "Westminster", will she accept that if Westminster had no grant, every other local authority would have an increase in grant of only 1 per cent. Local authorities throughout the country that think that Westminster's grant will be redistributed to them are living in a fool's paradise.

Ms Armstrong: I think that the hon. Gentleman has accepted the gross unfairness of the previous settlement, which we shall try to address.

Environment Agency

6. **Helen Jackson:** To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to strengthen the role of the Environment Agency in the regions. [4669]

The Parliamentary Under-Secretary of State for the Environment, Transport and the Regions (Angela Eagle): The majority of the agency's staff are based in its regions or areas and much of its work is concerned with the protection of the environment at regional and local levels. I shall continue to support this important dimension of the agency's work.

Helen Jackson: I thank my hon. Friend for her reply. Does she recognise that there is growing frustration that the Environment Agency is becoming too close to the big players in industries such as water and waste to be able properly to police polluters and make those responsible pay when they do damage? How will my hon. Friend and the Department ensure that the public can make their voice heard at local and regional levels and that regional boards have the necessary clout and profile to do the job that we all support them in doing?

Angela Eagle: First, I pay tribute to my hon. Friend for the great work that she has done on water and related issues. We know that she speaks with a great deal of expertise. My right hon. Friend the Secretary of State has already had discussions with the agency about enforcement. We want to make it clear that we want it to be a rigorous regulator and guardian of the environment, to prosecute where necessary and without hesitation, and to play its role in preventing pollution and other abuses of the environment by taking action, where possible, well in advance.

Mr. Rowe: I must confess that I am slightly confused about the Labour party's policy. It seems that it complains bitterly that too much power has been removed from local authorities to central Government. We have heard this afternoon, however, that the Government are thinking about having regional development agencies while thinking about strengthening the powers of the central Government agency. Exactly what is the Government's policy on local, regional and central government?

Angela Eagle: I am sorry that the hon. Gentleman is confused. Some 95 per cent. of the Environment Agency's work force work at regional and local level, where they have to deliver a service. Accountability is clearly important. The move towards regional agencies and, we hope, regional devolution in the end, is an evolutionary

process. How powers will be dispersed down depends on how regions wish to develop. That is an open issue that will evolve.

Town Centre Initiatives

7. **Mr. Vaz:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his policy towards town centre initiatives. [4670]

Mr. Caborn: Town centre initiatives can play an important role in helping to maintain the vitality and viability of our town and city centres.

Mr. Vaz: I welcome the Government's commitment to promoting and protecting our town centres. Does my hon. Friend agree that, as well as using planning powers more effectively, we must encourage and foster relations between local government and the private sector, particularly the retail private sector, to encourage more people to live, work and shop in our high streets?

Mr. Caborn: Yes, very much so. I pay tribute to my hon. Friend's work before the general election to bring together groups and foster the ideas that he has mentioned. The Government are taking action on two studies through the Association of Town Centre Management and will develop those themes. There is a political consensus, which is reflected in the Environment Committee's report on out-of-town shopping. When the Government respond to that report in two or three weeks' time, we hope to develop that consensus, addressing some of the problems that my hon. Friend talked about.

Mr. Pickles: To encourage people to come back and live in city centres, some new homes must be built there. What percentage have the Government set as a target for development on brown-field sites in cities? How much erosion of green-field sites do they expect in the next five years?

Mr. Caborn: I am sure that the hon. Gentleman knows that those issues are part of district plans. There is a forecast of 4.2 million homes to be built by 2016. It is important that a general consensus emerges in district plans and regional structure plans. There will be difficult decisions, but the consensus is to try to ensure that developments take place in city centres before other areas are developed.

Council Tax

8. **Mr. Sanders:** To ask the Secretary of State for the Environment, Transport and the Regions if he will review the property values represented by the individual bands for council tax purposes. [4671]

The Parliamentary Under-Secretary of State for the Environment, Transport and the Regions (Mr. Nick Raynsford): We want to discuss whether any changes should be made to the structure of the council tax valuation bands with local government associations and others before reaching a view. Any changes that might be proposed will be the subject of widespread consultation.

Mr. Sanders: May I put in a plea for those who reside in mobile homes and come in the bottom band of council tax? The value of their homes is half the value of their council tax band. I invite the Minister to consider whether that situation should continue.

Mr. Raynsford: We recognise that all dwellings, including caravans and mobile homes, are banded according to their open market value. Many caravans and mobile homes come at the bottom of band A. Some occupiers of such homes feel a genuine sense of grievance. However, changes to the bands are a complex issue that raises problems that go wider than any individual group. We are considering the issue, but I hope that the hon. Gentleman accepts that it must be considered in the round with all the other factors. We should not move precipitately towards a change.

Mr. Pike: Does my hon. Friend recognise that in old industrial towns such as Burnley, where well over half the properties are in band A, there is a good case for changes and the introduction of at least one band lower than the current band A?

Mr. Raynsford: My hon. Friend raises a question about the proportion of properties in band A. The case for reconsideration of band A has been put forcefully by many commentators. Others have suggested reconsideration of some other bands. I repeat that the issue has considerable implications for the fairness of the council tax structure. Major changes in banding would involve the possibility of a revaluation. Careful consideration is needed before any decisions are reached.

Air Quality

9. **Mr. Robathan:** To ask the Secretary of State for the Environment, Transport and the Regions what assessment he has made of the recent report of the royal commission on environmental pollution regarding air quality. [4672]

Mr. Meacher: I welcome the contribution of the royal commission on environmental pollution's 18th report to stimulating further public debate about the environmental impact of transport, including on air quality. I am looking forward to reading the commission's follow-up report later in the year.

Mr. Robathan: The new Government have made some very encouraging sounds about reducing dependence on private motor cars and motor cars in general, which I generally welcome. Will the Minister therefore take on board a suggestion that I made to his predecessors that we should look—*[Interruption.]* Should not he, and the Deputy Prime Minister with his diverse responsibilities, look very carefully at the number of ministerial cars that travel very short distances for no good gain, since a tremendous saving could be made for the benefit of air quality?

Mr. Meacher: I am sure that we can look into that issue. I agree that we are intending to discourage the use of cars for short journeys where there is an appropriate alternative. It is true that half of all car journeys in this country are—I think—of less than two miles. In many cases, there is no doubt that it would be more sensible and desirable if people, including Ministers on the appropriate occasion, walked or used public transport.

Inland Waterways

31. **Mr. Hinchliffe:** To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to encourage greater commercial use of inland waterways. [4694]

Mr. Prescott: I can confirm that I am looking at this in my integrated transport review.

Mr. Hinchliffe: Does my right hon. Friend agree that it is unacceptable for a significant number of constituents of mine to be kept awake every night as a result of noise nuisance arising from heavy lorries carrying bulk cargoes? Does he also agree that it is unacceptable that an extensive waterways network in England, such as that which we have in West Yorkshire, is scarcely used for commercial transportation? May I urge him to bring forward radical proposals to ensure that such bulk cargoes are in future moved wherever possible by water and suggest that, if he wants to introduce such a scheme on a pilot basis, West Yorkshire would very much welcome it?

Mr. Prescott: I assure my colleague that lorries will play an important part in the movement of freight, but agree that much more can be done with freight and waterways, where there is capacity to be developed. Our programme and review will look at the integration of various forms of transport. We certainly think that waterways can make more of a contribution. I am aware that a freight integration centre is being developed in my hon. Friend's area for channel tunnel freight. That provides us with an excellent opportunity. I am prepared to consider his point.

Road Congestion (Southend-on-Sea)

32. **Sir Teddy Taylor:** To ask the Secretary of State for the Environment, Transport and the Regions if he will initiate an inquiry into the congestion of roads in and around Southend-on-Sea; and if he will consider a bypass road linking Shoeburyness with the A127. [4695]

The Parliamentary Under-Secretary of State for the Environment, Transport and the Regions (Ms Glenda Jackson): No, those are both matters for Essex county council and the new Southend unitary authority which becomes fully operational next April.

Sir Teddy Taylor: Although there has been a huge improvement in the efficiency of rail transport in Southend-on-Sea, is the Minister aware that genuinely—I am not trying to make any political point—the nightmare of congestion in Southend appears to me to be infinitely worse than in any comparable borough and causes especial problems for the people of Shoeburyness and Thorpe Bay, which are the furthest from London? Will the Department be able to offer any help or advice in solving the complex problem, which sadly, despite their efforts, both the county council and the borough council appear unable to resolve?

Ms Jackson: The advice that the Government would offer seems to be being incorporated in Southend already. It is a properly integrated transport package which lays particular emphasis on properly integrated public transport, cycle lanes and walking, so that there is an alternative to an over-dependence on car usage, which cannot be the way forward.

Park-and-ride Schemes

33. **Mr. Ian Bruce:** To ask the Secretary of State for the Environment, Transport and the Regions what assessment his Department has made of the effectiveness of park-and-ride schemes in reducing traffic flows in town centres. [4696]

The Minister of Transport (Dr. Gavin Strang): Research shows that park and ride increases the attractiveness of town centres, but there is no evidence that schemes by themselves reduce congestion. They are more likely to do so if they are part of package that also includes measures to deter unrestrained use of private vehicles, together with the provision of an improved public transport system.

Mr. Bruce: I am grateful to the Minister for such a comprehensive reply. Local councils often seem to spend public money willy-nilly on such schemes because it is politically correct to do so. Will he ensure that the research that his Department has done is passed to local authorities? We have had great success in Swanage with our park-and-ride scheme, which involves using a steam railway, but that seems to be due to the attractiveness of using the steam railway. In Weymouth, we have tried such schemes and spent a lot of money with no effect.

Dr. Strang: Yes, I broadly agree with the hon. Gentleman's comments. He rightly refers to research and I expect that he has read the Transport Research Laboratory's report, which was published recently. I encourage others to read it. Park and ride can play an important role, but local judgments must be made of local circumstances.

Mr. Stevenson: My right hon. Friend will be aware that the A50 road scheme means that traffic is being pushed through the middle of my constituency and that traffic flows in town centres are set to increase. Is he aware that phase 1(b) of that road scheme is now nine months over contract? Will he investigate the reasons for that significant overrun and the possibility of compensation for businesses that are affected?

Dr. Strang: I am aware of my hon. Friend's great concern about the time that it has taken to implement that contract. Clearly, it is vital that we try to stay on time with those projects and I shall be happy to write to him once I have looked into the details.

Mr. Chidgey: I am pleased to hear the Minister recognise that park-and-ride schemes can be effective parts of local transport packages. Does he agree that, to build quality partnerships with bus operators, local authorities require funding to fulfil their part of the bargain? Is he prepared to provide local authorities with the means to raise those funds by allowing them to retain receipts from penalty notices on motorists who transgress by violating bus lanes and parking requirements? That would give local authorities the cash stream that they need to introduce local transport packages.

Dr. Strang: I think that the hon. Gentleman will understand that we must first make effective use of central

Government funds that already go to local authorities. Park-and-ride schemes can make a contribution, but an efficient, speedy and reliable public transport service must connect the park to the town centre. Furthermore, when vehicles are left in the parks, they must be safe and untampered with when people return to them.

Railway Industry (Claims Handling)

34. **Mr. Kidney:** To ask the Secretary of State for the Environment, Transport and the Regions if he will review the claims-handling procedure in the privatised railway industry. [4697]

Ms Glenda Jackson: The Rail Industry Disputes Resolution Committee is currently reviewing the claims-handling procedures for licensed operators. In addition, the Rail Regulator is reviewing third party liability insurance for vehicles outside the licensing regime.

Mr. Kidney: Does my hon. Friend agree that the first test of the Tory Government's claim scheme for privatised railways came at Stafford in March 1996, when two trains collided, two Royal Mail workers died, more than 20 were injured and one train left the track and struck a row of houses? All the licensed companies had to do was deny liability and the whole scheme collapsed. Some 16 months later, no one has been helped. Will the Minister consider that story and see whether some good can be rescued from it? Will she assure me that the Labour Government will improve the system for handling claims?

Ms Jackson: As my hon. Friend is aware, decisions on liability and compensation following the Stafford accident are matters for the parties involved and, ultimately, the courts. However, I sincerely hope that the railway industry will recognise the suffering that has been experienced by his constituents and settle claims, even though no party admits liability. I intend to write to Railtrack, English, Welsh and Scottish Railways and CAIB UK Ltd. on the issue and I assure my hon. Friend that I shall represent his concerns and his constituents' suffering in the strongest possible terms.

Trunk Roads Programme (East Sussex)

35. **Mr. Baker:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the future of the trunk roads programme as it affects East Sussex. [4698]

Dr. Strang: All trunk road schemes in East Sussex will be included in the review of the roads programme that I announced on 19 June. The Weald and Downland design, build, finance and operate scheme is being considered as part of the accelerated review of schemes requiring urgent decisions.

Mr. Baker: Does the Minister acknowledge that he inherited from the previous Government several environmentally destructive schemes that represent poor value for money, and that many Members welcome the Government's decision to carry out the roads review? Can he assure the House that the potential for transfer from road to rail will be taken into account in any review? However, notwithstanding my previous comments, does the Minister recognise that, on the Polegate bypass, the Government would be unwise to throw the baby out with the bath water? It is important for a scheme of sorts to progress at Polegate because the county council has completed the A22 north of Eastbourne and, with only half the scheme completed, that would leave Polegate full of traffic.

Dr. Strang: I agree that, as part of the wider review, of course we need to consider the relative strengths of roads as opposed to rail and vice versa. I am sure that the hon. Gentleman would not expect me to prejudge in any way the outcome of our decisions on such schemes, but they are important, and I hope that he will welcome the fact that, where urgent decisions are required, we shall not allow our long-term review to hold things up. We are prepared to bite the bullet, and shall announce the decisions later this month.

Pilotage Limits (Thames Estuary)

36. **Mr. Pond:** To ask the Secretary of State for the Environment, Transport and the Regions what assessment he has made of the proposals put forward by the Port of London authority for a review of pilotage limits on the Thames estuary; and if he will make a statement. [4699]

Ms Glenda Jackson: I have made no assessment of proposals from the Port of London authority. I understand that they involve reviewing the arrangements for compulsory pilotage of vessels of certain sizes in the port. Those are primarily matters for the authority, but it must consult interests in the port about any changes, and I understand that it will do so shortly.

Mr. Pond: I thank the Minister for that answer, but is she aware that, although the pilots committee has said that the safety and environmental implications of those proposals could be immense, there has been no wider open public debate on those implications? I urge my hon. Friend to apply whatever influence she has with the Port of London authority to encourage it to engage in that necessary public debate.

Ms Jackson: I understand that the review is not yet at the stage where the Port of London authority can issue formal proposals for consultation. When it is at that stage, the authority will consult, as it is obliged to—and it will consult not only pilots but shipowners and all users of the port. The authority has asked for a meeting with me, and I assure my hon. Friend that I shall raise his concerns at that meeting.

Mr. Ottaway: As it is proposed that the obligation to carry a pilot should now be determined according to a vessel's draught rather than its length, is the Minister aware that that could result in an extra burden being imposed on shipowners and other river users? How many extra vessels will be caught by the proposal? Can she give the House an assurance that further regulations will not be introduced for regulation's sake, when there is no apparent increased risk or danger to shipping?

Ms Jackson: I find it extraordinary that the hon. Gentleman should ask me to comment on proposals that, as my previous answer made clear, are not yet at the formal stage when they must be issued for consultation. With reference to my previous answer, the Port of London authority has asked for a meeting with me, and I shall be interested to hear what it has to say.

Birmingham Airport

37. **Mr. John M. Taylor:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the future of Birmingham airport and the stage it has reached in its progress from municipal status to the private sector. [4700]

Dr. Strang: Birmingham airport moved into the private sector on 26 March. I understand that, subject to obtaining detailed planning permission, it hopes to begin the first phase of the expansion of the terminal building in the autumn.

Mr. Taylor: I thank the Minister for that reply. Does he agree that Birmingham airport, with its move away from local government status, has been a great success story? Given its current hybrid state, partly municipal and partly owned by the private sector, would it not be a good idea to finish the job and get the airport properly and thoroughly into the private sector, thus restoring significant capital to the local authorities?

Dr. Strang: No, I am not prepared to make a judgment on that. I remind the hon. Gentleman that Birmingham airport has been a tremendous success over the years: more than 5 million passengers passed through it in 1996. That was achieved under full municipal ownership. The airport has decided to move to being a company with the majority in the private sector, and I wish it well.

Mr. Burden: I also draw attention to the importance of Birmingham international airport to the local economy and welcome the new investment. I welcome the use to which the local authorities are putting the proceeds, including tackling youth joblessness and providing infrastructure for reduced class sizes. Is it not unfortunate that the previous Government left those local authorities in a Catch-22 situation by starving the airport of the investment that it needed? It is now expanding, but the partner organisation is a direct subsidiary of the Irish Government.

Dr. Strang: The House will agree that the plans on which the airport is currently working are important: an 80 per cent. expansion in the terminal capacity, and a 50 per cent. increase in the number of stands for aircraft. We all wish it well in its new ownership.

Miss McIntosh: Is the Minister happy with the level of investment in the British airports system as it—

Madam Speaker: Order. This is a narrow question on the future of Birmingham airport. The hon. Lady should restrict her remarks to Birmingham airport.

Miss McIntosh: Thank you, Madam Speaker. I apologise.

Is the Minister concerned that the level of investment in Birmingham airport may be radically reduced with the introduction of the windfall tax on the privatised utilities?

Dr. Strang: No, I am not concerned at all.

Public Transport (Rural Areas)

38. **Mr. Martyn Jones:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his Department's initiatives to address public transport problems in rural areas. [4701]

Dr. Strang: I fully recognise the particular transport needs of rural communities and the crucial role for public transport. The rural dimension of transport policy and the need to enhance public transport services will be addressed in the fundamental review of transport policy announced last month.

Mr. Jones: My right hon. Friend will be aware of the Countryside Commission report of about three years ago, suggesting that rural transport levels would soar, possibly doubling in some areas. Has he any plans to ask local authorities to introduce experimental package approaches to transport planning, such as have been common in urban areas in the past couple of years?

Dr. Strang: My hon. Friend makes an important point. It is certainly the case that local authorities have a crucial role to play in transport policy. All those issues, and especially rural transport, will be addressed in the comprehensive transport review that we are conducting in advance of the White Paper.

Mr. Nicholas Winterton: I understand the Minister's reply, but does not he accept that, in the real world, public transport will never serve some of the more remote rural villages, such as Kettleshulme, Wincle, Wildboarclough, Saltersford and Allgreave in my constituency, unless the Government are to have an extremely heavy funding liability through local government? Is it not therefore essential, in considering petrol tax and other fiscal measures, to balance the interests of rural areas that will never have public transport and those of other areas?

Dr. Strang: Of course, there is truth in the hon. Gentleman's point that there are remote areas where a bus service will never run right to the door or even within walking distance, but it is also true that in many rural areas, as a consequence of deregulation and unrestricted competition, there has been a diminution in rural bus services. We want to tackle that problem.

Sir Norman Fowler: While I strongly support all improvements in public transport in rural areas, some of which have been made possible by deregulation, does the Minister agree that my hon. Friend the Member for Macclesfield (Mr. Winterton) is entirely right and that many people in rural areas will remain dependent on their cars? Is it not important that their needs should be taken into account in framing policy?

Dr. Strang: I have accepted that point, but I put it to the right hon. Gentleman that a single bus operator that is operating a service from early morning until late in the evening can subsidise the off-peak services from the profits of the peak-time, heavily loaded buses. In many rural areas, plenty of operators are willing to operate buses during peak hours, but young people have found themselves stranded in rural communities with no bus to take them into their local town or get them home in the evening.

Bus Deregulation

39. **Helen Jackson:** To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to discuss the future of bus deregulation with local authorities. [4702]

Mr. Prescott: As my right hon. Friend the Minister of Transport announced last week, we have launched a review of bus policy as part of the fundamental review of transport policy which I announced on 5 June. Local authorities will be among those consulted.

Helen Jackson: My right hon. Friend will know that those of us in Sheffield are aware that one cannot build an integrated public transport system with a totally deregulated set-up. What will he do to control the present free-for-all in cities such as Sheffield? Will he consider introducing a minimum standard of reliability and allowing local authorities to set environmental guidelines on the number of buses that can travel through city centres or on main routes?

Mr. Prescott: I agree with my hon. Friend that a deregulated bus system has been the enemy of an integrated transport system, and nowhere is that more true than in Sheffield. In that city, a regulated transport system, working under the passenger transport authority—set up by Labour—got people to use public transport more and their cars less. That is a matter of fact. The right hon. Member for Sutton Coldfield (Sir N. Fowler) told us that the bus system is better following deregulation. I appreciate that, having spent some time with his family, he may have missed some of the recent reports which show that deregulation has produced more mileage, fewer people travelling on buses, higher prices and less of a networked system. That is why we are right to carry out a review and to aim for an integrated transport system. Sheffield led the way, and we shall look at its experiences in the review.

Mr. Garnier: Can the Deputy Prime Minister envisage a re-regulated bus system without increased taxation or public expenditure?

Mr. Prescott: I know it is difficult for the hon. and learned Gentleman to think other than that everything is paid for by increased taxation, but I invite him to look at the ridership on buses in a deregulated system. Fewer people travel on buses because buses are less reliable and of a poorer quality. If we increased ridership, we would increase income from buses and the amount of trips from a particular bus. In that way, we could increase revenue to pay for the changes to improve the transport system.

Coach Safety

40. **Ann Clwyd:** To ask the Secretary of State for the Environment, Transport and the Regions what assessment he has made of existing coach safety regulations; and what plans he has to increase the protection of coach passengers. [4703]

Ms Glenda Jackson: Existing regulations on coach safety include requirements for vehicle construction, roadworthiness testing, driver licensing and operational standards. There is a continuing process of improving standards both nationally and internationally, supported by research.

Ann Clwyd: My hon. Friend will remember the Raglan coach crash, in which 10 people died and 33 were injured—many of them were my constituents. It took a long time to bring prosecutions and the families are still distressed at the outcome. Has she given thought to the idea from the Consumers Association to set up an independent accident unit to investigate transport disasters and to ensure that changes to bring about greater safety are properly implemented?

Ms Jackson: I hope that my hon. Friend will accept my sincere condolences, and I can well imagine the trauma that her constituents suffered following that appalling accident. I am aware of the suggestions to which she referred, and her concerns have been expressed to me from a variety of sources. I intend to examine, with all possible speed, the proposal to which she referred, and other representations.

Mr. Fabricant: Will the hon. Lady make use of her existing powers to control emissions from coaches and buses, which endanger both passengers and people in the vicinity of coaches? Is she aware that one of the greatest causes of pollution is the emission of particulates from such vehicles?

Ms Jackson: As the hon. Gentleman knows, it is a requirement for all public service vehicles to be tested annually. I understand that the Vehicle Inspectorate checked 29,000 vehicles at the roadside last year. I find very encouraging the co-operation between vehicle manufacturers, bus and coach providers and the oil industry in pushing forward alternative fuels, which, as I am sure that he is well aware, could reduce some of the worst effects of emissions from existing fuels.

London Underground

41. **Sir Sydney Chapman:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement about the funding of London Underground. [4704]

Mr. Prescott: The hon. Gentleman's party left us with a legacy of reductions in Government funding for London Underground and cost overruns on the Jubilee line

extension. Together, they total more than £700 million. Those reductions were made to funding levels which were already below what London Underground needed. Against that background, we are looking urgently at the options for public-private partnerships to increase investment in the core underground network.

Sir Sydney Chapman: As the right hon. Gentleman adopts that attitude, perhaps he would like to confirm that annual investment in London Underground, excluding special projects such as the Jubilee line extension, has averaged more than £500 million a year during the 1990s. That compares with an average annual investment of less than £50 million in the 1970s. On reflection, does he agree that commendable progress has been made, that the problem facing London Underground is the chronic under-investment of the 1960s and 1970s, and that the best way forward would be privatisation, using the receipts for the necessary investment?

Mr. Prescott: I could bandy figures with the hon. Gentleman about the past but, in reality, last year's investment figures are similar to those for 1979, when the last Government came to power. Whatever the case, London Underground has insufficient resources to meet the investment requirements of a modernised system. That is the situation which I inherited from the Conservative party. I intend to meet investment requirements through the study that we are doing on public-private partnerships. While the last Government talked about full privatisation of the underground, which we totally reject, there was no guarantee that the moneys from its sale would have gone towards investment in London Underground.

Points of Order

3.31 pm

Mrs. Gillian Shephard (South–West Norfolk): On a point of order, Madam Speaker. Yesterday, in response to the point of order raised by my right hon. Friend the Member for Devizes (Mr. Ancram), you made it clear that you regarded freedom of speech as one of the most cherished privileges of parliamentary democracy. In the light of the confusion that still surrounds the freedom of speech permitted to some Welsh Labour Members, and given that the full facts of the matter have not been given to the House—or to you, as you said yesterday—and given the continued absence of the Secretary of State for Wales from the Dispatch Box to dispel the confusion and present the facts, do you think it appropriate that the matter should now be fully considered by the House authorities and, if necessary, by the Standards and Privileges Committee?

Madam Speaker: I have nothing further to add to what I said yesterday, and I stand firmly by the remarks that I made then.

Mr. Paul Flynn (Newport, West): On a point of order, Madam Speaker. As, in the last Parliament, much progress was made in the battle against sleaze in the House, I note that there have been a couple of worrying incidents that require the House's attention. Last week, the fraud squad raided premises that had been provided for the Leader of the Opposition for his leadership campaign. I understand also that the company concerned made a financial donation.

We also know that another company, City Mortgage Corporation, whose business is to impoverish its tenants and which is run by a man most of us would fairly describe as a crook, has given £20,000 to the Leader of the Opposition. Should he not come here to clear the air and make a statement?

Madam Speaker: If the hon. Gentleman has any evidence that he feels should be put into the public domain, he should immediately let the Commissioner for Standards have it. That is why we have a Commissioner for Standards to investigate such matters. If the hon. Gentleman has anything, he should not use it across the Floor but should give all the information to the Commissioner, who will consider it.

Mr. Nicholas Soames (Mid–Sussex): Further to the point of order made by my right hon. Friend the shadow Leader of the House, Madam Speaker, will you consider the following proposition? The other day—

Madam Speaker: Order. I do not consider propositions. I try to respond sensibly to points of order, which I did yesterday. My comments are in *Hansard*, and they stand. I have nothing further to add.

Mr. Soames *rose—*

Hon. Members: No.

Madam Speaker: Order. If it is a point of order, I must hear it.

Mr. Soames: I am sorry to push the matter further, but my point is related not to what you said yesterday but to the point made in the House last week—the fact that the Leader of the House kept saying that the Prime Minister was satisfied with the outcome of his inquiries in relation to the Secretary of State for Wales. I raised a point of order with you, saying that it was a matter not of whether the Prime Minister was satisfied with the inquiries, but of whether the House of Commons was satisfied with them.

The volume of questions and the points raised with you since business questions last week clearly show that the House is by no means satisfied with the answers that it has received. Is it not right that a more detailed response be given by the Secretary of State for Wales, so that the House may be satisfied that there have been no misunderstandings?

Several hon. Members *rose—*

Madam Speaker: Order. I will take no further points of order on this matter. Let me respond to the point that has been made. If the hon. Gentleman is not satisfied, he should try to pursue the matter in other ways. I have made my statement. If he wishes to pursue the matter, he might try to do so through the usual channels. I am not responsible for what hon. Members from any party say.

Several hon. Members *rose—*

Madam Speaker: Order. I will take no further points of order on this matter. I have dealt with it three or four times today and yesterday. As far as I am concerned, it is finished.

BILLS PRESENTED

Public House (Names)

Mr. Nicholas Winterton presented a Bill to amend the law relating to the names of public houses; and for related purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 28 November, and to be printed [Bill 32].

Representation of Gibraltar at Westminster and in the European Union

Mr. Andrew Mackinlay, supported by Dr. John Marek and Mr. Nicholas Winterton, presented a Bill to provide for the representation of Gibraltar by a Member of Parliament, subject to limitations, in the Parliament of the United Kingdom of Great Britain and Northern Ireland; for the inclusion of Gibraltar in a European parliamentary constituency; for the right of the Chief Minister to petition the House of Commons at the bar of the House; and for related purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 28 November, and to be printed [Bill 33].

Representation of Dependencies at Westminster

Mr. Andrew Mackinlay, supported by Dr. John Marek and Mr. Nicholas Winterton, presented a Bill to provide for limited representation for dependencies other than Gibraltar at the Parliament of the United Kingdom of Great Britain and Northern Ireland by a non-voting

delegate and for the right of the Chief Ministers to petition the House of Commons at the bar of the House; to improve for elected members of the Legislative Councils access to and communications with Members of the House of Commons; and for related purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 28 November, and to be printed [Bill 34].

School Absenteeism

3.36 pm

Mr. Harry Cohen (Leyton and Wanstead): I beg to move,

That leave be given to bring in a Bill to place duties upon schools, local education authorities and parents to identify promptly and act as necessary in cases of child absenteeism from school, to ensure attendance or attention to the absent child's educational needs; and for related purposes.

I am honoured to present my School Absenteeism Bill to the new Labour Government for their consideration. It deals with the difficult problem of child absenteeism from primary schools. It seeks to speed up the process by which schools and local education authorities act to ensure school attendance as a basic prerequisite to meeting the child's educational needs. The problem is severe.

On 4 June, my hon. Friend the Member for Welwyn Hatfield (Miss Johnson) apprised my right hon. Friend the Prime Minister of the astonishing fact that 100,000 children were absent from school in England and Wales. He replied:

"My hon. Friend is absolutely right. . . . There has to be a better way to approach the problem. If not, we shall find that social costs mount up, . . . and those 100,000 young people may also end up later incapable of finding work or working for any length of time."—[*Official Report*, 4 June 1997; Vol. 295, c. 386-87.]

In addition, my right hon. Friend the Prime Minister pointed out that absenteeism placed children at risk of being drawn into patterns of anti-social and criminal behaviour.

So the Government believe that regular school attendance is vital in fostering social development, self-discipline, concentration and good attainment. Studies by the Office for Standards in Education and other distinguished studies confirm that irregular attendance undermines the educational process and leads to educational disadvantage. Poor examination results correlate closely to non-attendance.

In my constituency, which covers part of the London borough of Waltham Forest, absenteeism is twice the national average. While local efforts are closing the gap, the national average is getting worse. The causes of absenteeism are well documented. Deprivation is linked with school non-attendance, both in my constituency and throughout the nation. Some parents struggle above their poor circumstances to give their children a flying start in education. One Vietnamese refugee in a local high-rise council block in my constituency is proud to have a full-time job at Tesco and a son at Cambridge, but he is exceptional.

A way forward could be to identify vulnerable groups within the broad categorisation of deprivation. For example, there is strong evidence that children of working mothers attend school more regularly than children with mothers at home. A targeted programme in schools could help.

In my Bill, the problem of absenteeism is separated from that of truancy. Unauthorised absenteeism at primary school usually arises from the failure of carers to exercise their responsibility. Truancies often occur among older children, and arise from bad educational habits that are laid down early in their school life. By focusing on initial absenteeism among primary school children, the Government can nip the problem in the bud.

Small children with learning readiness are potentially good achievers. Coupled with the Government's programme to reduce class sizes, a carefully worked-out strategy could bring about startling improvements in attendance and achievement.

In England, there are many unauthorised absences. The numbers given range from the report contained in *The Sunday Times* of 15 June 1997, which said that about 568,000 primary school children missed at least half a day last year without permission, to a Unison survey that found that 80,000 children scarcely attend school at all.

As the Under-Secretary of State for Education and Employment, my hon. Friend the Member for Birmingham, Yardley (Ms Morris) is already well aware, under the current law, parents, schools and local education authorities share responsibility for school attendance. The law is comprehensive and complex. There is a great deal of bureaucracy involved when schools disseminate information to a wide range of public bodies. I should like the process to be streamlined in order to release more human resources in schools for early preventive action against unauthorised absenteeism.

Close scrutiny of the figures suggests that there are some avenues of change relating to the role of local education authorities. Between September 1991 and September 1994, the total number of school attendance orders rose from 40 to 56 a year; education supervision orders rose from 81 to 314 a year; the number of prosecutions of parents rose from 2,803 to 3,688 a year. Those figures show that LEAs generally circumvent the use of school attendance and education supervision orders. While prosecutions have an important role to play, the dominant mode of "prosecution first" is primarily about punishing the parent, not necessarily ensuring the child's right to education.

I propose that school attendance orders be brought into greater use before prosecutions. I also propose that head teachers be given leave to apply directly to court for school attendance orders, thereby ensuring that children re-enter school at the earliest opportunity. My Bill would ensure that there was a fast-track procedure in magistrates courts for obtaining those orders.

Statistics show a wide fluctuation in the will of local education authorities to undertake prosecutions. Will the Minister consider taking steps towards ensuring a more co-ordinated response from LEAs?

The education welfare officer plays a key role before any legal action is taken on unauthorised absences. It has been shown that, if a respected figure such as an education welfare officer has immediate contact with the pupil's home from the first day of absence, the action has a dramatic effect on improving attendance rates. Setting up networks of help, such as trained volunteer mentors for telephone and home contact, is also extremely helpful and cost-effective. I propose that first-day unauthorised absence contact should be made mandatory in all primary schools.

There have also been some remarkable successes in schools serving deprived areas; we need to make such best practice the norm. My hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) is the chair of governors at Kelvin Grove primary school in Lewisham. Belinda Kennedy, who runs that school's attendance project, tells me:

> "The benefits are dramatic. Our unauthorised absence rate has dropped to only 0.5 per cent. It makes me wonder how many other schools are in urgent need of a simple, everyday approach to improving attendance and punctuality."

The main initiative by the previous Government was the grants education support and training—GEST—scheme, whereby £15.4 million was allocated to 90 English LEAs in 1995–96. An evaluation by an independent team commissioned by the Department for Education and Employment says:

> "Schools can, and do, have a significant impact in improving attendance and reducing disaffection."

However, the range of projects is very wide and the methods of evaluation primitive.

My Bill, by contrast, builds on carefully targeted initiatives: a mandatory one-day unauthorised absence contact initiative from primary school to home; primary schools to introduce targeted attendance programmes for at-risk groups—for example, children of at-home mothers; and school attendance and education supervision orders emphasised over prosecution orders. It would establish a fast-track procedure for head teachers to obtain attendance orders through magistrates courts; and escort orders, whereby courts were given a new probation-like power to order parents to take absenting children to schools, backed up by the threat of a substantial fine.

The Government would clarify priorities and procedures, so that local education authorities operated to similar standards. Schools and education welfare officers in multicultural areas would ensure information and support for non-English-speaking parents. The Government would evaluate and disseminate best practice initiatives nationally; information-gathering processes on absenteeism would be streamlined; and human resources in schools would be moved towards earlier intervention on behalf of the child.

I fully support the Government's commitment to education, education, education, and I hope that the Minister will make use of my small contribution via the Bill to reinforce the importance of primary school attendance.

Question put and agreed to.

Bill ordered to be brought in by Mr. Harry Cohen, Charlotte Atkins, Mr. Richard Burden, Ms Judith Church, Mr. Tony Colman, Miss Melanie Johnson, Mr. David Kidney, Ms Oona King, Judy Mallaber, Mr. Chris Pond, Ms Christine Russell and Mr. Paddy Tipping.

School Absenteeism

Mr. Harry Cohen accordingly presented a Bill to place duties upon schools, local education authorities and parents to identify promptly and act as necessary in cases of child absenteeism from school, to ensure attendance or attention to the absent child's educational needs; and for related purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 28 November, and to be printed [Bill 35].

International Development

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dowd.]*

3.47 pm

The Secretary of State for International Development (Clare Short): I am delighted that we have the opportunity today to debate this important motion. I see this debate as an important part of the consultation process in which we are currently engaged as we move towards the publication of a White Paper on international development in the autumn.

This afternoon, I want to talk about the single greatest challenge the world faces: eliminating poverty. I know that that seems outrageously ambitious—cynics might even say naive, but they are wrong. It is both an affordable and an achievable aim, and it is essential that we face up to the challenge if the 10 billion or so human beings who will then exist are to live in anything approaching peace and harmony in the second half of the next century. If we do not, the numbers of people might be much greater, and the strain on the earth catastrophic. As I have said before, those who believe in compassion and social justice should support that aim; but so should the selfish and the greedy, if they wish to leave the proceeds of their endeavours to their grandchildren.

It is my view that we are living at the beginning of a new political era. That creates a real opportunity for progress. In the past 30 to 40 years, we have gone through two extremes, both of which failed many developing countries: first, the bloated state; then, market idolatry—the period from which we are just emerging, and the adoration of which concept brought the Conservative party to such a catastrophic low.

Mr. Michael Fabricant (Lichfield): Will the Secretary of State give way, on that very point?

Clare Short: I will give way later. Perhaps, if the hon. Gentleman thinks a little before intervening, his intervention will be a little wiser than his interventions normally are.

Both the state and the markets are good servants but bad masters. Governments and markets must work together. Both must be transparent, and made to serve the people. Recent political events suggest that the people of the world are at last voting for social justice, both at home and abroad.

Mr. Fabricant: Will the right hon. Lady give way?

Clare Short: In a moment.

I am certain that that is what the people of Britain want. I know that it is a cliché to say that the world is becoming a smaller place, but we can now travel across it and see things in person, or on our televisions, that our grandparents would never have dreamed of. That is bound to change the way in which people think about world problems, and such changes make it feasible to seek to build, alongside economic globalisation, a global moral community.

Mr. Fabricant: The right hon. Lady has spoken of the relationship between international development and private co-operation. Does she recall that, at Question Time last week, she was unaware of the valuable work done by privatised water companies in providing free, clean water for people in developing countries? Will she now acknowledge the work done by Water Aid, whose patron is the Prince of Wales? It is doing that work in 13 countries throughout Africa and Asia.

Does the right hon. Lady accept that Water Aid's money comes from privatised companies such as South Staffordshire Water and Severn Trent Water in Lichfield? As she was unaware of all that last week, may I urge her to read those companies' annual reports?

Clare Short: I did know about Water Aid—*[Interruption.]* The hon. Member for Lichfield (Mr. Fabricant) has just spoken at length. Will he now allow me to answer him? That is basic politeness, if nothing else.

I have come across Water Aid's endeavours, and all such endeavours are welcome; but, in the face of the world's need for clean water and sanitation, Water Aid's is a small contribution. Charitable contributions aimed at improving the very bad image of water companies in Britain are certainly welcome, but they are not enough to make the progress that we need in order to supply everyone in the world with clean water and proper sanitation.

Mr. Fabricant: That is generous.

Clare Short: It is the truth. It should not be thought that such a tiny contribution, perhaps prompted by social guilt, is enough to provide for all the people in the world. *[Interruption.]* I shall get on with serious discussion of these serious matters.

All the conditions to which I have referred mean that this is an ideal time for the creation of my Department as a separate Department of State, headed by a Cabinet Minister. My Department's job is development, and nothing else. Commercial and political considerations are the perfectly proper work of Government, but export promotion and short-term political relationships are not the work of my Department. We have been given the most noble and honourable work that anyone could be asked to do—but this is not work just for soft hearts; it is also work for hard heads. There is no decent future for the world if we do not succeed.

Clearly, every generation has had the moral duty to reach out to the poor and needy, and to try to create a more just world. The present generation, however, must rise to the challenge; otherwise, global warming, population pressure, spreading deserts, polluted and over-fished oceans and water shortages will create catastrophes that will endanger the lives of all people and countries—rich and poor, northern and southern, developed and developing.

There is no privatised and purchasable solution to those problems. The grandchildren of the richest people in the world need a healthy planet as much as the hungriest street child living on the margins of existence. We must solve the problems together—and benefit everyone—or they will not be solved at all.

The United Nations special session on sustainable development has just ended in New York, five years after the Rio summit. Rio, and the process leading up to it,

undoubtedly constituted an important moment in history. A good deal has been achieved as a result, in particular the mobilising of opinion—especially among young people—about the need for sustainable development and the importance of protecting our global and national environment. Binding conventions have been established for some global environmental issues. The outcome of the New York meeting was positive but limited, partly because the Governments of the developed and developing world see their interests so differently.

The process that started at Rio was about the rich countries collaborating with poor countries to help them to achieve sustainable development and reduce poverty. The global environmental facility, which exists to help poor countries to meet the extra costs of protecting the global environment as they develop is important, and we are committed to a further substantial replenishment later this year.

However, at Rio we also promised additional help to assist with the development of poor countries more generally, and the rich countries have not delivered. As a result, the developing countries think that we are more concerned with protecting our own way of life than about their development. If they think that we have created our riches by using up the world's resources, and that we are now imposing rules to protect our riches and prevent their development, they will, quite reasonably, refuse to co-operate. That was the mood at the beginning of the UN special session.

One of the Government's actions in New York was to reassert the basic Rio message that tackling poverty and protecting the environment are inextricably linked, and that eliminating poverty is essential to caring for the planet and is the bridge that unites the interests of north and south. An important part of the Prime Minister's speech at the General Assembly, which was universally warmly welcomed, was to commit the UK to helping towards the important over-arching goal, of which I spoke earlier, of reducing by half the proportion of people living in extreme poverty by 2015, and to reverse the decline in British development assistance.

Politicians often pretend to know everything. Conservative Members will know about that. Vanity is the occupational disease of politics, but, of course, politicians do not know everything, and the good ones have to understand that it is their duty to listen to people's fears and worries, find the ideas to create solutions, and mobilise action to implement those ideas. That is the second reason for this being the ideal time for the creation of my Department. The ideas are in place, and our job now is to mobilise enough political will to ensure that they are implemented.

There are two documents which everyone should read. The first is from the development assistance committee of the Organisation for Economic Co-operation and Development, and is called "Shaping the 21st Century". It reflects the collective views of Development Ministers, heads of aid agencies and other senior officials who are responsible for development co-operation.

The report reflects on the lessons of such co-operation over the past 50 years and proposes strategies for the first part of the next century. It proposes a global development partnership effort that focuses on a limited number of key success indicators that are drawn from the conclusions of the great UN conferences of the past decade or so.

The over-arching goal is that of reducing by half by 2015 the proportion of people living in extreme poverty. There are several key social development goals feeding into that aim. They include universal primary education in all countries by 2015; progress towards gender equality and the empowerment of women; and improvements in health care systems and mortality rates. They also include targets for implementing national strategies for sustainable development in all countries by 2005. That is to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

The second document I recommend is the United Nations human development report 1997, which has just been published. That report, like the OECD development assistance committee report, bases its judgment that the elimination of poverty is feasible in part on the progress and lessons of the past 50 years. It notes that, since 1960, in little more than a generation, child death rates in developing countries have been more than halved. Malnutrition rates have declined by almost a third. The proportion of children who are out of primary school has fallen from more than half to less than a quarter, and the proportion of rural families who do not have access to safe water has fallen from nine tenths to about a quarter. The report also notes not only that there have been substantial advances in income in many countries, but that there has been great progress in life expectancy and in access to basic social services.

Mr. William Cash (Stone): On a point of order, Madam Speaker. Is it in order for the Minister to repeat almost word for word a speech that she made on 26 June in a different environment?

Madam Speaker: I am not responsible for Ministers or Back Benchers' comments in the House. They are all responsible for their own speeches. I have not heard the Minister's speech before.

Clare Short: I am grateful, Madam Speaker. I included some of this text in my speech at the Commonwealth Institute recently. The speech is of profound importance, and has never been put before the House. If Conservative Members would take notice of it, we might have a wiser debate about some of the most important issues in politics.

Mr. Denis MacShane (Rotherham): The hon. Member for Stone (Mr. Cash) has made the same speech for five years.

Clare Short: Indeed. The hon. Member for Stone (Mr. Cash) should not complain about anyone saying the same thing over and again.

Progress during the past 50 years in eliminating poverty—this is important—has been greater than in the previous 500 years of human existence. We have not done enough, but much has been achieved, and that achievement teaches us how to do the rest. That is the basis on which I believe that abject poverty could be eliminated from the world in our lifetime, or at least within the lifetime of our children. Clearly, the world could not commit itself to a more noble task as we approach a new millennium, but the challenges remain daunting. Advances have not been uniform, and poverty remains pervasive.

Dr. Liam Fox (Woodspring): The right hon. Lady has not yet mentioned trade in the elimination of poverty.

[Dr. Liam Fox]

As Lomé is being reviewed, and as the African, Caribbean and Pacific countries arrangement, whereby large nations are put in the same bracket as small single-commodity nations, contains complications, does she have a view on whether that arrangement needs to be reviewed?

Clare Short: I do have a view. As the hon. Gentleman will know, Britain will hold the European Union presidency when the mandate for the Lomé renegotiation is put in place, so it is key that we get our thinking right. Some differentiation between the needs of countries in different stages of development should form part of the renegotiation. I have made a speech about that, and I would be happy to send it to the hon. Gentleman. It is an important matter, and it is vital that we get it right. The development assistance committee target of halving world poverty by 2015 should be incorporated in the Lomé renegotiation. The world should seriously sign up, through all its institutions, to meeting that target.

The two reports are the basis on which abject poverty could be eliminated from the world in our lifetime, but the challenges remain daunting. Advances have not been uniform, and poverty remains pervasive. We have gone forward and backwards in the past 50 years. That means that we can learn what succeeds and what conditions breed failure, but it remains true that more than a quarter of the developing world's people still live in extreme poverty. Some groups suffer more than others, particularly children, women and elderly people. New global pressures are creating or threatening further increases in poverty, just at the time when the possibilities for advance should be greater than ever.

The conclusion of the United Nations Development Programme report is that the elimination of poverty is affordable and achievable. What is lacking is the political will to achieve that end.

Mr. Tam Dalyell (Linlithgow): Before my right hon. Friend leaves the UN, could some reflection be given to the UN's policy of imposing sanctions on countries such as Iraq? Whatever the difficulties with regard to the leadership, the effect is to throw the people of the river valleys—in this case, the Tigris and the Euphrates—into some of the most abject poverty that the present world knows, and the UN has a responsibility in that matter.

Clare Short: My hon. Friend knows that I share his concern about the suffering of the people of Iraq. We have to refine our capacity to take action against repressive Governments such as the evil Government in Iraq, without hurting the people living under such Governments. We could do more to refine the sanctions instrument, but that is a big project that we need to work on together.

I believe strongly that if people in this country and elsewhere believe that the elimination of poverty is achievable and not a hopeless enterprise they will demand action and help to generate that political will.

We hear much about compassion fatigue. We see constant pictures of disaster and famine. We get reports of human rights abuse, civil war, refugees and suffering. People worry increasingly about the state of the world, and about what will be left for their grandchildren. I do not believe that there is any less compassion in the world today than there has ever been, but I do think that there is more despondency, and that this paralyses the will to act.

It is, of course, right that the media should bring the suffering of fellow human beings to our attention as a spur to action, but it is wrong that the reporting of development issues should create the impression that no progress is being made, and that none is possible. People need hope to be able to demand action.

So how is poverty to be eliminated? It is obvious that, because most of the poor live in the poorest countries of the world, economic growth is necessary if people are to escape from poverty. Growth rates of at least 6 to 7 per cent. are required if countries are to become better off in a sustainable way, particularly as high population growth may mean that the real increase is only a third or even a half of the growth figure.

Anything less than 2.5 per cent. effectively means a growth in poverty, but, while economic growth is a necessary condition, it is not a sufficient condition to escape from poverty. Indeed, some economic growth can increase inequality and poverty, as we have seen so clearly over the past 20 years.

Mr. Richard Ottaway (Croydon, South): The Secretary of State quite rightly touches on population growth, but gives the impression that it is a symptom of poverty. Does she not accept that many people think that it is the root cause of poverty? Will she continue with the emphasis that the previous Government placed on population growth? Indeed, will she develop it even further?

Clare Short: I intend to do much more in this area than the previous Government. Population growth is an enormous, serious challenge to the people of the world. The current world population is 5.8 billion; it is due to rise to 7 billion by the turn of the century. Some projections say that, in the next century, it will increase to 10 billion and stabilise, or to 17 billion and be out of control. The population growth is in the poorest parts of the world and among the poorest populations, 50 per cent. of whom do not have access to contraception, and many of whom do not know whether their children will live.

We know that educating girls and giving women access to health care and to some sustainable livelihood leads to their taking control of the size of their families. That is how we bring about a stabilisation in population. The only way to achieve that is to have a just world in which all the people of the world have access to basic education, basic health care and clean water, so that they can take control of their own lives and know that their children will live. I agree with the hon. Gentleman that this issue is of profound importance, and that, if we do not face it, the whole world will be in very severe difficulty.

Mr. Bernie Grant (Tottenham): There is much talk about the size of the population in Africa, but does my right hon. Friend agree that Africa is, in fact, depopulated as a result of the removal of more than 100 million people during the period of enslavement and colonisation, and that the growth that has taken place in other continents has not been matched by the growth in Africa? So when people say that Africa must control its population growth, that is not correct.

Clare Short: I agree with my hon. Friend that slavery, in which African people sold other African people to

wretched slave owners, many of whom originated in our country, was a terrible tragedy for all the people involved and for Africa as well. I cannot say that I know what the population of Africa would be if there had not been slavery. I just do not have that information, so I cannot make a judgment about whether Africa is over or under-populated.

I know for certain, however, that the people of Africa—the women of Africa, the girls of Africa—are entitled to be educated, to have basic health care, reproductive health care, and to make their own decisions about the size of their families. The people of Africa will decide for themselves what the population of Africa should be.

Before the interventions, I was talking about the scale of economic growth required in poorer countries if we are to make progress in eliminating poverty. The same arguments apply not only to the developing but to the developed world. The United Nations human development report is a powerful reminder that more equitable distribution of the benefits of growth must be a top priority also for the United Kingdom. On the UNDP's figures, Britain is one of the most unequal countries in the world. Therefore, our development effort is not about us preaching to less developed countries: the lessons must be applied at home as well as abroad.

Good economic management means not only growth in the economy—as measured by some theoretical improvement in overall gross national product per capita—but the fact that many of the benefits of that growth reach members of the population who need them. Governments, and all public authorities, have obligations to all their people, and especially to poor people. Budgetary systems should ensure that the interests of the poor are protected and enhanced.

The state has a duty to make arrangements that provide all citizens with education, basic health care and clean water. The state must also create economic arrangements that give all citizens access to markets, in which they can sell their produce and their labour, and to security, appropriate technology and land, so that they can create sustainable livelihoods for themselves and their families.

Mr. Dale Campbell-Savours (Workington): My right hon. Friend will know that, in many of those countries, economic development is very much dependent on transport infrastructure. She will also know that transport infrastructure is a major British export to many of those countries, to the extent that it is supported by the aid and trade provision. She has, moreover, announced a review of the ATP programme.

My constituency is dependent—in some industries, it is very much dependent—on ATP. To take one specific example, we export railway lines around the world. Railway lines are very important in the development of many third-world countries.

Will my right hon. Friend give an assurance that, if decisions are taken on the ending or running down of the ATP programme, the firms that are directly involved—often employing thousands of people—are fully consulted? Does she also agree that what really matters is not the ATP programme per se but that the programme is available only for projects that pass elementary tests of development soundness? If the projects pass those tests, surely we can maintain the programme.

Clare Short: I am grateful to my hon. Friend, and I can assure him that the representations that he has made—like the representations that any firm might like to make—are very welcome and will be fully considered. Allowing such representations to be made is the reason why I have made it clear that we are reviewing the aid and trade provision.

My hon. Friend has put his finger on an important point. I am reviewing our entire aid effort, to ensure that our entire effort is aimed towards eliminating poverty and helping the human development of the poorest people. It could be argued that ATP is a part of a previous philosophy in which any beneficial economic development was thought necessarily to result in the development of poor countries. That belief will have to be re-examined. We intend to focus on the need for human development of the poorest people.

Such development might require transport for access to market for very poor rural people, although it probably will not include big, sophisticated transport projects. Regardless of how we approach the matter, some projects are unlikely to be included if we are to redirect our efforts towards poverty elimination. Discussions will continue, however, and a full review will be conducted. The firms in the constituency of my hon. Friend the Member for Workington (Mr. Campbell-Savours) will, of course, be able to make representations—*[Interruption.]*

I do not know why the hon. Member for Hertford and Stortford (Mr. Wells) makes cynical remarks. We are debating a very serious matter. ATP was introduced by my illustrious predecessor, Judith Hart, to engage British firms in the development effort, and there is nothing cynical to be said about it. If it is true that we must redirect our efforts into poverty elimination and human development, there will be big implications for ATP. Everyone should take that into account. As I said, much of the research suggests that ATP is neither commercially nor developmentally beneficial. We must consider and examine that argument.

I was describing the duties of a modern state to its people in the developed or developing world, and the duty of a state to provide conditions to enable people to live a decent life and to improve their livelihoods for themselves and their families.

People must also be provided with opportunities to play an active role in their society at all levels, including national level, through transparent and accountable institutions. That should lead to a virtuous circle in which social development leads to, as well as results from, economic development.

Part of my Department's role will be capacity building. We shall be pragmatic and not dogmatic in our approach. We shall not say, "Public sector bad, private sector good," or vice versa. We recognise that context and circumstances matter. With many services, it matters less whether they are provided by the state or the private sector than that the state retains responsibility for ensuring that the service is provided, and, where necessary, regulated.

On that basis, we support and welcome the recently published world development report of the World bank, which advocates the development of the sort of state that I have described to achieve the development that the world needs. We shall therefore often give support—we are doing so now—to Governments who wish to reduce in size a bloated public sector, but at the same time we shall support also the build-up of the state's capacity to supply essential services effectively and efficiently, and the development of its capacity to regulate the private sector.

[Clare Short]

Above all, I want to work in partnership with Governments who share our commitment to poverty elimination. Our role should be to support, complement and enlarge the capacity of developing countries to meet the needs of their people. Ideally, our partnership will be based on an open and agreed agenda, involving Government and civil society as well as other donors.

Where poor people are suffering from a Government who offend human rights and are not interested in poverty elimination, such partnerships will obviously be impossible. In those countries, we shall show our solidarity by supporting non-governmental organisations that can deliver direct to the poor and oppressed. Our preference, however, will always be to work with states, for only they can deliver universals such as primary education for all, better health care for all, and clean water and sanitation for all.

I hope that this work will help to create the conditions that will increase private investment in the poorest countries, but it is clear—everyone must be clear about this—that, whatever the private investment flows, the poorest developing countries will depend for some time to come on substantial resource transfers to create the capacity to generate sustainable development.

It is very regrettable that the resources that the international community is making available to support the process that I have outlined are declining. We know the price tag of poverty elimination and how we can contribute, because the human development report gives us the figures. That is why I am pleased to reaffirm this afternoon the Government's commitment to the 0.7 per cent. of gross national product target and to reverse the decline in the aid budget, which has fallen shamefully, from 0.51 per cent. of GNP and rising, when Labour left office in 1979, to just over half—0.27 per cent. of GNP.

Mr. Crispin Blunt (Reigate): The Minister has praised the public-private sector mixture of provision. Is the right hon. Lady aware of the United Nations target of 1 per cent. of transfer of wealth from the developed to the developing countries? Is she aware also that the United Kingdom is at the top of that league, not at 1 per cent. but at 1.38 per cent. in the last year for which there are figures? That is surely a much more effective measure of our achievement in creating development in the world than merely relying on the public sector.

Clare Short: Clearly, increases in investment flows to developing countries are welcome and to be encouraged by everyone. I do not know whether the hon. Gentleman knows it, but the overwhelming bulk of investment flows come from the richest 12 of the developing countries, and that the poorest 50 countries receive none of them. That is why investment flows are not an alternative to development assistance. We need development assistance to create in the poorest countries the sort of development and economic arrangement that will give them the capacity to attract private investment flows. It is not one or the other, but both.

Mr. Peter Luff (Mid–Worcestershire): Will the right hon. Lady set a date for achieving her target of 0.7 per cent. of GNP?

Clare Short: In Yorkshire, they call that brass neck. Could we hear some shame and humility from the hon. Gentleman about the record of the Government he supported? I am coming to our plans.

I am reviewing all expenditure in my Department. I want to be certain that all our spending contributes towards a sharply focused poverty eradication agenda. I shall redirect any spending that does not contribute towards our key objective of promoting sustainable development.

I shall then be in a strong position to ask my right hon. Friend the Chancellor of the Exchequer for additional resources at the end of next year. I believe that I shall be able to demonstrate to him that we can make a measurable difference with those funds. First, however, I have to do the redirection job, because a lot of what we are spending now is not going directly into poverty eradication. We want to make sure that every farthing is better spent.

The review process that I have described will include a careful look at how the energies and talents of the private sector can best be utilised to help us deliver our objectives. We shall consider ways in which investment might be encouraged. I have already made it clear that we are reviewing the aid and trade provision, and aid tying.

We must also be clear that development assistance is only part of the way in which we can help to tackle poverty. To have a real impact, there must be greater coherence between our aid, trade, investment and agricultural policies. That coherence must start at a national level and then be developed in the European Union and other international forums, where decisions are taken every day about issues that directly affect the lives of billions of poor people—issues such as market access, environmental targets and rules governing direct foreign investment.

Ms Diane Abbott (Hackney, North and Stoke Newington): My right hon. Friend will be aware of the great concern in the Caribbean about bananas, and the recent adverse decision of the World Trade Organisation. Will she assure the House that the Government will do everything possible to secure an equitable outcome on bananas, which are so important for the economies of many Caribbean countries?

Clare Short: I can give my hon. Friend that absolute assurance. She will know that the World Trade Organisation's ruling was disappointing, but not as bad as it might have been. We are now reviewing the situation, to apply for a waiver so that the Caribbean has a long enough period to make sustainable arrangements.

My proposal, which I have started to discuss with some representatives of the Caribbean banana industry, is that they might go for the niche market of organic bananas. The small farmers of the Caribbean are in competition with vast banana plantations that use masses of pesticides. The big banana-importing countries such as Sweden and Germany are very much in favour of healthy, pesticide-free bananas. There are other developments to be taken into account, but that might be a market and part of the answer for the Caribbean. Some people are prepared to pay a higher price for a better quality of banana.

We are seized of the importance of my hon. Friend's argument, and will do everything in our power to help. We are bound by history and duty to ensure that the Caribbean does not end up in a devastating situation. I shall be happy to talk to my hon. Friend about that later, but I must get on now.

There must be coherence between all aspects of policy. It is no good relying on development assistance and then adopting trade policies that cause impoverishment across the world. For example, massive subsidies to European farmers have increased the world supply of food, lowering the prices that agricultural exporters from developing countries can receive on the global market. Development assistance is then needed to help poor farmers to diversify out of crops in which they might have had a comparative advantage.

That is crazy economics. My Department, which has been created to help ensure that all our policies towards developing countries take us in the same direction, is adding its voice to the pressure building up for reform of the common agricultural policy. We are studying in detail the impact of the current regime on developing countries. We shall identify the reforms that will benefit them as well as our consumers and taxpayers. We shall need allies to ensure that the necessary reforms are carried through.

It follows from what I said earlier that we want to see a particular emphasis in all our development work on human development.

Mr. Cash *rose—*

Clare Short: I will give way in a few minutes. I must get on, because time is pressing and many hon. Members want to speak.

We want an emphasis on human development, and that is why we announced in Denver at the G7 summit—or G8 summit, I am not sure which; at the G7 plus one summit—both that all our future support for the special programme of assistance for Africa would be untied, and that we would increase by 50 per cent. over the next three years our commitment of bilateral aid to basic education, basic health care and the provision of safe drinking water in Africa.

Mr. Cash: The right hon. Lady so far has not mentioned debt relief. She may remember that, in the previous Parliament, I tabled an early-day motion, which attracted about 300 signatures—including hers, I think—relating to the question of debt relief. Nor has she yet mentioned the heavily indebted poor countries initiative. Is she aware that the World bank does not regard debt relief as a poverty issue? Does she have any comment on that, and will she press the World bank to regard debt relief as a poverty issue of fundamental importance to the future of developing countries?

Clare Short: I have talked about the importance of debt relief and the HIPC initiative on many occasions in the House. The hon. Gentleman will know that Britain under our Government and the previous Government—the very forward position on debt relief that was taken is one of the few things for which I credit the previous Government—has of course cancelled its own debts in regard to the poorest countries and set a good record. We are doing all in our power to mobilise international opinion to get much faster progress. We believe that that is essential.

I agree that debt relief is linked to poverty eradication. We do not just cancel debt for any old dictatorship that is oppressing its poor. It has to be part of a process of reform that will benefit the needy and the poor. They are the ones who suffer the consequences of debt. The reason for cancellation is to benefit the poor.

I do not think that the hon. Member for Stone is fair when he says that the World bank does not understand the matter. I have had two meetings with the president of the World bank since we formed our Government. It is signing up to the DAC poverty eradication targets and we are talking about how they can be entrenched in the World bank system of management to ensure that the World bank is part of the mobilising of international political opinion to achieve our objective. I must get on; I am conscious of the time. I do not intend to take many more interventions. So many hon. Members want to speak.

As well as strengthening partnerships with and within developing countries, we want to engage more actively not only with other bilateral donors but with the international organisations through which half our development programme is channelled—about 40 per cent. is channelled through the European Union and another 15 per cent. through the World bank and other UN agencies. Indeed, for many countries, our principal contribution will be by way of the support that we provide in that way. Obviously, we cannot have a bilateral programme in every country.

I hope that the benefits of such partnerships will be felt by all developing countries, not just those in which we have a substantial programme. We need to create optimistic models of development, so that people living in countries whose Governments lack a commitment to poverty eradication can point to their neighbours and demand similar progress at home.

I want to conclude by referring to one further type of poverty which blights the whole world, and which we must also work to eliminate. It might even be the key to unlocking all the others.

It is a poverty of the imagination, which will not recognise that poverty elimination is achievable, affordable and in all our interests. It is both right and in our self-interest to create a stable and secure world in which economic, political, trading and cultural links flourish, and in which all sections of the population in all parts of the world will have a role to play. We need to develop a new spirit of optimism, and we need to keep rekindling that optimism by demonstrating measurable progress year by year as we move towards the elimination of poverty.

For our country, Mr. Deputy Speaker—I apologise, because I think that I have been calling you Madam Speaker—I want to help to create a new form of patriotism. Out of our complex history—all the bad and good of it, and the role it leaves us with on the international stage—I want us to do all we can to mobilise the political will for poverty elimination. The tide is turning in the right way. We have a chance of a reformed and more effective UN, a better World bank, a Lomé renegotiation that embraces the DAC targets of the partnership approach, and a revitalised Commonwealth. If Britain takes on the role of mobilising the political will to achieve those aims, then could not the people of Britain be proud of their country?

I believe that the objectives I have outlined will be shared by the House and by the vast majority of our constituents. They made it clear at the election that they wanted to see an end to growing inequality in this country and an increase in social justice. That lies at the heart of our national agenda, and we are also determined to see it lie at the heart of our international agenda.

[Clare Short]

We shall set out our plans in detail in our White Paper, which we plan to publish in the autumn. I see this debate as a key element in the consultative process and I very much look forward to hearing the contributions of right hon. and hon. Members.

4.29 pm

Mr. Alastair Goodlad (Eddisbury): I wish to thank the Secretary of State for International Development and the business managers for arranging this debate so early in the parliamentary Session. It addresses subjects of enormous interest to us all, as the attendance in the House today bears witness. The debate is an opportunity for the Opposition to reaffirm our commitment to overseas development and to those countries and their people in the Commonwealth and beyond who need and receive assistance. I shall touch on the areas of continuity and agreement with the Secretary of State and also the potentially contentious subjects for the Government's review.

The Government have already accepted many of the targets set by their predecessors. Perhaps the most important is the commitment for Britain to work with our overseas partners to halve the number of people living in absolute poverty by 2015. That is an ambitious target, but one that we believe to be achievable and we expect that the Government will live up to the determination that we expressed. It remains our aim that the poorest countries should have more trade, better government and less debt, as those are the keys which will unlock the doors to escape poverty and achieve prosperity.

We want the Government to continue projects that promote sound political and economic policies, provide improved education, health and family planning services, and encourage sustainable economic development. Throughout this Parliament, we shall seek to ensure that the measures taken by the Department of International Development serve those purposes as they should. My hon. Friend the Member for Croydon, South (Mr. Ottaway) highlighted the subject of population and received a positive response from the Secretary of State. As one of the founder secretaries of the all-party group on population, reproductive health and development—which has received immense support from Madam Speaker, who is no longer in the Chair—I shall take a particular interest in that subject.

A fundamental expenditure review of the Overseas Development Administration, as it then was, was carried out as recently as 1994. The Labour Government's policy of setting up reviews to review reviews seems to have struck again and we should like to know which of the four aims that were set out in 1994 is to be questioned by the Secretary of State. Does she question the promotion of sound political and economic policies, stronger health and education services, sustainable development or co-operation with our international partners? We wait to learn which of those objectives the Government question.

As one of the wealthier nations—untroubled, mercifully, by famine, war or natural disasters—we are in a position to assist countries that are less fortunate. Action to alleviate the immediate suffering caused by war in, for example, the former Yugoslavia, or drought in southern parts of Africa, is both humane and essential. It enables countries to recover from their misfortunes faster than they might otherwise do. There will always be a major mission for the British aid programme.

On behalf of the Opposition, I pay tribute to the many voluntary organisations that work so hard to help developing countries. The programmes run by Oxfam, Save the Children, Actionaid and the Red Cross are but a few examples of the work done by the non-governmental organisations.

Mrs. Maria Fyfe (Glasgow, Maryhill): Does the right hon. Gentleman agree that many of our non-governmental organisations involved in aid to other countries have found that the British public tend to be more generous with appeals for disasters but less generous when it comes to appeals for development aid? That being the case, what does the right hon. Gentleman think that we should do about it?

Mr. Goodlad: That is a valid point. When a natural disaster is seen on television screens, it moves people to dig into their pockets and they will give money to the appropriate agencies, perhaps for the short term to help out with a particular disaster. The Government must take account of that tendency when they consider their long-term planning. Governments have done so in the past, and the present Government will probably do so in the future.

It is our experience that such agencies can operate more flexibly than Government institutions. They are especially effective in running small local projects, maintaining contact with local people and having detailed first-hand understanding of their needs. They are also especially effective where political problems make official developmental assistance difficult. That is relevant to the hon. Lady's point.

I hope that the Government review will confirm the essential place of voluntary organisations in the delivery of Britain's overseas assistance. The volunteering spirit of the British is one of our major assets, and I hope that the review will foster volunteering, rather than replacing it with a culture of apathy or dependency.

Many people today volunteer to help domestic charities. Others go overseas to work in schools, hospitals and villages on rural projects. Voluntary Service Overseas, for example, provides almost 2,000 volunteers for almost 60 countries. We wish it every success and all possible support in meeting its target of raising £600,000 by 1998 to fund more volunteers in India.

Mr. Andrew Rowe (Faversham and Mid-Kent): Should my right hon. Friend not declare an interest? Is he not a returned VSO volunteer himself?

The Parliamentary Under-Secretary of State for International Development (Mr. George Foulkes): That was a long time ago.

Mr. Goodlad: Both my hon. Friend and the Minister are right. I was a volunteer, and it was a long time ago. The hon. Gentleman at the back of the Government side of the Chamber—*[Interruption.]*—yes, the one in the green jacket, the hon. Member for Islington, North (Mr. Corbyn)—is also a returned volunteer. If I am not mistaken, my hon. Friend the Member for Faversham and

Mid-Kent (Mr. Rowe) is also a VSO council member, as I also was briefly. I hope that the Secretary of State will give VSO all the support that it deserves.

What representations has the Secretary of State made to the Foreign Secretary and the Chancellor of the Exchequer about the strategic defence review? The connection is perhaps not obvious, but the British armed forces are professional and of worldwide renown, and they have contributed to disaster relief operations all over the world.

In Bosnia, for example, British armed forces, with the Overseas Development Administration, took part in more than 3,500 British convoys delivering 185,000 tonnes of supplies. British convoys represented a quarter of all those undertaken by the United Nations. The United Nations humanitarian operations helped to keep 2.5 million people alive through four consecutive winters.

Starting in 1992, throughout the hostilities and to date, until May, we have spent £383 million in Bosnia, initially on humanitarian assistance but later, with Multi-national Division (South West)—that is, with our soldiers—on projects to restart normal life in the sector, such as rebuilding schools, clinics and community centres and re-establishing water, gas and electricity links. That has been one of the most successful and welcome projects, and it is being adapted to establish income-generating projects that will help to start or restart small enterprises.

I hope that the Government will continue to work with the World bank on the major power projects pioneered in Croatian, Serbian and Muslim areas with Japanese and Canadian partners, and on the long-term Bosnian power project.

Elsewhere, the Royal Navy's West Indies guard ship, HMS Liverpool, is helping the islanders of the dependent territory of Montserrat. We have already spent about £25 million in Montserrat on emergencies, balance of payments assistance and development projects. I hope that the Secretary of State or the Minister will join me in congratulating our armed forces.

Mr. Nicholas Soames (Mid–Sussex): I warmly endorse my right hon. Friend's words about the forces in Bosnia. Will he also emphasise that not only the ships on standard patrol, such as the West Indies guard ship and the Armilla patrol, but Royal Navy ships on duty throughout the world are almost always the first on the spot? They represent an extraordinarily powerful arm of Britain's policy overseas.

Mr. Goodlad: My hon. Friend is absolutely right. It is a matter in which we can all take great pride, and I hope that the Secretary of State and the Minister can give the House an assurance that neither the regiments in Bosnia nor the West Indies guard ship will be disbanded as part of the Treasury-driven review.

It is essential that the quality of our development assistance be maintained. Our development assistance was praised by the Organisation for Economic Co-operation and Development, as "highly concessional", with a

"well-organised bilateral programme based on substantial national expertise."

The most recent statistics show that the United Kingdom is the sixth largest aid donor by volume, with £2.041 billion spent in 1996; 0.27 per cent. of gross national product was spent in 1996, putting the United Kingdom above the average of the aid-giving countries, which is 0.25 per cent.

Mr. MacShane: While the right hon. Gentleman is surveying the record, will he take the opportunity to apologise to the House and to the British and Malaysian people for the scandal of the Pergau dam, which did immense damage to Britain's good name and shamed and exposed certain Conservative Ministers' squalid links with private gain? Will he say sorry?

Mr. Goodlad: The hon. Gentleman would find few echoes for his remarks in Malaysia or indeed anywhere else. The House went into the Pergau matter at great length; the then Government have everything to be proud of and he has everything to be ashamed of.

As my hon. Friend the Member for Reigate (Mr. Blunt) pointed out, the Secretary of State will know that the previous Government attached great significance to the United Nations target of a net transfer of 1 per cent. of gross national product, in public and private funds, to developing countries. At the time of the general election, the United Kingdom exceeded the target by more than a third. As a nation, we were the second largest provider of money for development in the world as a proportion of national income, although the Secretary of State made a perfectly legitimate stricture on the matter.

I am pleased that the figures released after the general election showed that the total net financial flows to developing countries rose in 1996 to more than $300 billion for the first time. That achievement was brought about largely by the private sector, which increased its share by an exceptional $80 billion to a total of $234 billion. Those huge flows of money to developing countries were generated by real people in real businesses, with real cash money, sometimes in partnership with Government and sometimes not.

The world is going through major changes. We do not always show that we are aware of that, but we should be. Economies are growing throughout the globe, bringing in their wake new challenges as well as great prosperity. That is much to be welcomed. Much has been written about the Asian miracle, in particular, but the same could be said for some of the Latin American countries whose record rates of growth, often defying international recessions, have made the rest of the world envious and their people more prosperous.

The reasons for those countries' success lie in their sound macro-economic policies, commitment to private enterprise and market economics, and emphasis on education and self-improvement. Those qualities are not the preserve of any one region or nation; they are qualities to which every Government, including Her Majesty's Government, should aspire.

Mr. Blunt: That is the core of the issue; it is where things could go wrong unless the review reverses the Secretary of State's complete fixation with the eradication of poverty. That is the perfectly laudable outcome of what should be the policy, but if that is the only policy, and the Government ignore issues such as political and economic development, sustainable development, health and education policies and co-operation with our international partners—the four keys of the previous Government's

[Mr. Blunt]

policy for the Overseas Development Administration—and treat international development in isolation, they will fail in their objective, which is shared by hon. Members of all parties.

Mr. Goodlad: Some of the considerations that my hon. Friend rehearses are essential to the objective that he is right in saying that we all share—the eradication of poverty. I share his concern that the Secretary of State and her party may commit themselves to a series of policies which could endanger that objective. Political correctness could endanger the eradication of poverty.

Clare Short: I find this very irritating. I have just made a speech which made it absolutely clear that human development for the poorest needs to be complemented by the organisation of a state that allows sustainable economic development to take place and creates the conditions to attract inward investment. Clearly the hon. Member for Reigate (Mr. Blunt) cannot hear, or his brain is unable to receive information, because he simply stands up and traduces the analysis that I have just presented to the House.

These matters are too serious for cheap political games. Conservative Members should not allege that we are adopting a particular position when that is simply not the case.

Mr. Goodlad: I hope that the right hon. Lady will contain her irritation and recognise that my hon. Friend the Member for Reigate and other hon. Members may make remarks which are not on all fours with her views but which are not intended to be anything other than positive contributions to the debate.

Mrs. Fyfe: The intervention from the hon. Member for Reigate (Mr. Blunt) leads to a more concrete discussion. In Burma, for example, the currently illegal Government are developing industry speedily but at great cost to the population who, far from being removed from poverty, are having their lives destroyed. Will the right hon. Member for Eddisbury (Mr. Goodlad) clarify his views on such issues as his Back-Bench colleagues are somewhat confused?

Mr. Deputy Speaker (Mr. Michael Lord): Order. Before the right hon. Gentleman responds, I should say that a great many Members wish to take part in the debate. Interventions have been frequent and long. Can they now be brief and to the point, please?

Mr. Goodlad: I have strong views on Burma which I have rehearsed before. However, it is a matter for the Government, rather than for me.

The Secretary of State and her party are suspected—wrongly, I hope—of committing themselves to a series of policies which could endanger the eradication of poverty by putting political correctness before international interests. I hope that the Secretary of State will not resent my saying that, as the purpose of this debate is to air concerns.

The Secretary of State may be about to announce her intention to end the practice of tying aid. The multilateral untying of aid—like multilateral nuclear disarmament—may be a highly desirable goal, but unilateral action is not a clever policy in either area. Unusually, the unilateral change was hinted at without a review—a rarity under the present Government. The Secretary of State will be aware that a review of UK tied aid policy has been carried out. I hope that she will forgive me if I remind the House of its conclusions, which were that

"there is no strong case for making major changes"

in the present policy and:

"Current practice is consistent with the desire for effective and efficient aid; and helps to maintain popular support for the aid programme."

The tying rules were revised in 1994 to provide sufficient latitude for the purchase of non-UK goods and services to minimise the risk of unnecessary excess costs. I hope that we shall not see a victory for dogma over good sense in this area.

We would like to know what rules will be put in place and how much the supervision will cost to make sure that untied aid is not misspent. We want to know also what is to stop a country placing an order in Teheran rather than Telford. What is the Government's view on Governments who offer services with large subsidies attached?

Last week, the issue was raised of the Secretary of State's understanding of the difference between free trade and fair trade. She will know that "fair trade" can sometimes, although not always, be a cover for protectionism—a policy which harms consumers and protects inefficient producers. It is our belief that aggressive, politically correct and almost imperialist social legislation is not the best way to reduce poverty and increase the standard of living in developing countries. *[Interruption.]* The hon. Member for Rotherham (Mr. MacShane) finds that funny. If he thinks that he has come to this place for a programme of light entertainment, he is wrong. He should return to his constituents and tell them that both he and they have made a massive mistake.

Free trade is crucial to the economic prospects of the poorest countries, as it brings in approximately three times more money than aid alone. It boosts countries' economies and provides a spur to economic growth. The Secretary of State should not confuse support for free trade with a belief in some sort of social Darwinism. We want Britain to continue to work with the International Labour Organisation and with developing countries to tackle problems such as child labour. It is essential that a framework of law should be in place to meet the internationally agreed standards. It is also important that we have the ability and the will to enforce the laws. It is unrealistic to argue that the minimums abroad have to match those of the most industrially advanced countries, or that competition on grounds of price is somehow morally repugnant.

The ethical consumer movement can provide an excuse for people to use the market to make their own choices and to inform others of them. I hope that the Secretary of State will not allow dangerous political correctness and protectionist sentiment to form an unholy alliance to stifle trade and opportunities. I tabled a written question to the Secretary of State, to which I received a reply today. The reply came before it could appear in *Hansard*, so I think that the House should be informed of it. The question was:

"To ask the Secretary of State for International Development what is her Department's policy on a target date for global free trade".

The reply from the parliamentary assistant was:

"I am writing to inform you that the following question tabled to the Secretary of State for International Development for written answer on the 01 July has been transferred to the Department for International Development."

I do not blame the right hon. Lady personally, but I hope that she will sort these matters out and take advantage of the debate to confirm that it remains the Government's aim of achieving free trade by 2020.

Sustainable development is compatible with free markets. It was the closed markets of communism which produced the industrial devastation in central and eastern Europe and the former Soviet Union. Britain's support for countries in transition should be maintained through our successful bilateral programme, the know-how fund, and various European Union programmes such as PHARE, Poland and Hungary Assistance for Economic Restructuring, and TACIS, Technical Assistance to the Commonwealth of Independent States. I hope that when the Minister winds up the debate he will confirm that that is the case.

I also hope that the Secretary of State will not rule out all support for programmes which help poor areas in better-off countries, as using national measures of wealth to determine whether a state is worthy of support can lead to anomalies in aid policy.

Sustainable development is the concept that the previous Government championed and is now under review. Recent meetings in Denver and New York have confirmed that there is international support for sustainable development. Like the Secretary of State, I am disappointed that the United States has not joined EU countries in setting a target for curbing carbon dioxide emissions. I am pleased that the Prime Minister admitted at his press conference in Denver on 22 June that in this area Britain is somewhat ahead of the field—an admission that the Conservatives put Britain ahead. We will press the Government to ensure that Britain is kept ahead.

The creation of a vigorous private sector within developing countries is an essential part of achieving self-sustaining growth. It brings not only new resources, but new skills and technologies. Britain's expertise in this area is widely recognised, particularly British small business expertise—promoted by successive Conservative Governments—which has been exported to developing countries under the auspices of the small enterprise fund. Joint initiatives between non-governmental organisations and business associations have led to successful projects in places such as Kenya and Zimbabwe, and I hope that the Secretary of State will support similar projects in the future.

Much direct investment in business in the developing world is provided by the Commonwealth Development Corporation. Operating within business criteria as Britain's official development finance institution, the corporation invests in more than 50 developing countries by making long-term loans available at competitive rates. Commitments now exceed £1.5 billion, ahd I hope that the Government will continue to support the CDC and its operations.

The Commonwealth is an institution with a unique role in discussing international development. It is a unique forum for debate and it performs a valuable function by promoting common interests and values which are essential to the success of nations, parliamentary government, the rule of law and the promotion of trade. The Commonwealth contains many of the success stories of the east and countries with more troubles in Africa. It assists in the development of poorer countries through its development institute. The exports of British business to Commonwealth countries have risen in each of the past three years. There is an exceptionally large British presence in many of those markets.

The Commonwealth has exercised its role in building democracy by organising at least 15 election observer missions in 12 countries. The Commonwealth Heads of Government meeting at Harare in 1991 pledged that the Commonwealth would concentrate with renewed vigour on promoting fundamental rights, including equal rights for all citizens. Work in that area has been taken forward by the Commonwealth Secretariat through a programme of education and training, exchange of information and the creation and strengthening of the relevant national institutions.

I very much hope that the Government will carry on the work that we had in hand to reinforce the Harare declaration with action at the Edinburgh summit later this year. I hope that the Secretary of State accepts the agenda set by the previous Government that the Commonwealth should focus on international issues such as trade, investment and development when it meets.

Mention was made of debt servicing. The debt burden in the poorest countries has been tackled, thanks to British action. My right hon. Friend the Member for Huntingdon (Mr. Major) was responsible for the ground-breaking Trinidad terms, under which agreements were secured to provide for reductions in debt, first of 33 per cent., then 50 per cent., and then 63 per cent. We are pleased that the initiative to reduce the debt burdens of heavily indebted poor countries was launched successfully at the International Monetary Fund and World bank annual meetings in September last year. All major creditors confirmed that they would play their part, and the World bank's contribution was made through a new trust fund. I hope that the Secretary of State's review will reinforce the commitment to cut debt.

I am concerned about the commitment to review the criteria used by the IMF, which were questioned in a letter written by the Secretary of State dated 18 October, in which she said:

"The Labour party is very concerned at the criteria used by the IMF, in particular, to evaluate a country's progress through structural development. These criteria are over-focused on macro-economic indicators of a particular kind—tariff reduction, public expenditure cuts, progress with privatisation—and take little or no account of social or human indicators."

In due course, I hope that she will say what the new criteria are and how she expects economic progress without the use of economic criteria. I hope that she accepts that economic growth is the best way out of poverty. We must get answers to those questions in the review.

I hope that the Secretary of State will not ignore important macro-economic criteria, such as rates of inflation. She will recall her statement in July 1996 that it seemed a "funny thing" to set up inflation as the

"biggest evil of our time".

She added:

"I don't fully understood how inflation became such a beast that it had to be attacked at such incredible cost across the world".

[Mr. Goodlad]

Tackling poverty requires a combination of measures, and they are reflected in the long-term approach to overseas assistance. The review should confirm the policy of the previous Government in placing great emphasis on breaking the link between poverty and political instability. The United Kingdom's development assistance programme should place a high priority on the promotion of good government. That means sound economic policies based on free enterprise and private property, political systems based on open and accountable government with free and fair elections, efficient public administration, and respect for human rights.

The Secretary of State enunciated some vague generalisations, mercifully bereft of new ideas, and recited the great achievements of the past few years—

Clare Short: The right hon. Gentleman is reading that out.

Mr. Goodlad: It is original; I could not have written it before listening to the right hon. Lady.

I believe that the Secretary of State shares with all hon. Members a strong belief, in many cases passionately held, in the objectives that we seek to serve and have sought to serve. I hope that the review to which this debate is the precursor will take serious note of the views of hon. Members of this House on the means to achieve those ends.

5.4 pm

Mr. Keith Vaz (Leicester, East): I warmly welcome this debate. It is no exaggeration, even after the last speech, to say that it will be followed with enormous interest and hope around the world, especially in the poorest nations of Africa and elsewhere. Let us hope that we do not disappoint them.

The fact that room has been found in the crowded parliamentary timetable for a debate on international development, the day after the transfer of the sovereignty of Hong Kong and the day before the Government's first Budget, sends the strongest signal about the new emphasis and urgency given to these vital issues, in stark and refreshing contrast to the often Marie Antoinette-like indifference of the previous Administration. Special credit for that must go to my right hon. Friend the Secretary of State for International Development. I am delighted to have the opportunity once again to congratulate her warmly on her well-deserved appointment, and to commend her for the vigour, enthusiasm, dedication and skill that she has brought to her office. My right hon. Friend mentioned Dame Judith Hart, one of her illustrious predecessors. I believe that she has the capacity to exceed even Dame Judith's great achievements.

A series of recent international gatherings—the G8 summit in Denver, the Earth summit at the United Nations in New York, and the meeting of the Convention on International Trade in Endangered Species in the Zimbabwean capital Harare, to name but three—has served forcefully to remind us that, unless the problems of the world's poorest people are taken into account in all our deliberations, we cannot talk about peace and security in the world. Unless answers are found on the pressing issues of sustainable development, the future of our planet may be at stake.

As President Robert Mugabe told the United Nations, the international community seems to remember the existence of Africa only when disaster strikes the continent. It was therefore welcome news when my right hon. Friend the Prime Minister announced at the Denver summit that we intend to increase our bilateral aid commitments to African countries for basic education, health care and the provision of safe drinking water by 50 per cent. compared with the figures for the past three years. Investment in both human development and infrastructure is essential if Africa is to be able to eradicate poverty and realise its full potential.

There are some hopeful signs. Despite what much of the media would generally have us believe, the news from Africa is by no means all bad. Many countries have undertaken serious reforms of their economies and systems of government. The absolute decline in incomes has been halted, and the 1996 average rate of growth for the continent was 5 per cent. Within that figure can be found some particularly impressive success stories.

Ethiopia, almost universally written off as a basket case a decade ago, has a growth rate of 12 per cent. Thanks to its encouragement of grass-roots democracy and the land reforms that have unleashed the creativity and enthusiasm of the peasantry, Ethiopia achieved self-sufficiency in food last year—a truly remarkable feat.

Uganda, another byword for tragedy not so long ago, had a growth rate of nearly 10 per cent. and has become a regional magnet for investment. This year, we acknowledge the fact that 25 years ago many of my constituents were expelled from Uganda by its hated regime. Many of them have re-formed links with their country of origin and will go back this year. Many regard with great pleasure the fact that Uganda has made such important strides.

South Africa has some of the highest rates of economic growth outside the east African region.

Despite such magnificent efforts, the difficulties and challenges remain extremely formidable. Sub-Saharan Africa has a population of 600 million, which will double by 2025. Forty per cent. of people live on less than $1 a day and the infant mortality rate is one in 10. Alongside conflicts, natural disasters and severe environmental difficulties, the AIDS pandemic continues to claim the lives of hundreds of thousands and to threaten millions more.

Against that background, Africa's share of world trade, output and investment—already disproportionately low—has declined steadily in the past two decades. All this has contributed to unsustainable levels of debt, a collapse of infrastructure, the revival of traditional conflicts and the eruption of new ones and, in certain instances, even the disintegration and disappearance of civil society and the states themselves.

It is scarcely surprising that even those Governments most committed to reform and self-improvement, such as Ghana, Uganda, Ethiopia and Mozambique, often find their way blocked by challenges that they find insurmountable. Therefore, the international community has a clear duty to make greater efforts to help Africa as it tries to solve its own problems.

Perhaps the greatest factor impeding Africa's efforts to shake off the legacy of poverty and underdevelopment is its chronic debt problem. I therefore welcome and applaud the Government's initiative to write off the bilateral aid

debts of 17 of the poorest most indebted African countries. Equally welcome is the World bank and the International Monetary Fund's implementation of the heavily indebted poor countries—HIPC—initiative, which is likely to benefit up to 14 African countries, with Uganda as the first beneficiary.

We all know, however, that such measures on their own still fall far short of what is required. Debt servicing makes a mockery of our present aid programme. For every pound that Britain gives in aid, we receive back 47p in debt services. Not only is that morally reprehensible, but it clearly and directly undermines the effectiveness of our efforts in poverty reduction and development aid and is, therefore, economic nonsense.

The HIPC initiative only scratches at the surface of the problem. The level at which debts are considered sustainable has been set too high, and many countries are not scheduled to receive any relief until well into the next century. For many of their people, the stark fact is that that will come too late. Added to that, political problems are leading to further delays. Uganda is first in the queue, yet its relief package has already fallen a year behind schedule.

Debt relief, as I have already implied, is literally a matter of life and death. The United Nations Children's Fund has estimated that just £49 million of debt relief for Uganda could save the lives of 398,000 children under the age of five and 13,000 women who would have died in childbirth, in addition to improving primary education for 2 million more children.

Similarly, in Mozambique, debt servicing accounts for one third of public expenditure, while education gets just 7.9 per cent. and health a pitiful 3.3 per cent. The country's Ministry of Planning and Finance predicts that, even after HIPC relief comes on stream, debt service payments due in the next millennium will be three times their average in the early 1990s.

Mozambique is now a multi-party democracy. Its commitment to economic reform is such that a recent *Financial Times* supplement remarked that it would surely leave even Lady Thatcher breathless—quite an achievement. Among the reasons why Mozambique remains one of the poorest countries on earth, with one of the lowest life expectancies, are the sacrifices that it made to support the struggle against racist minority rule in the former Rhodesia, and the struggle against apartheid in South Africa. Its solidarity with the peoples of South Africa, Zimbabwe, Zambia, Namibia, Tanzania, Botswana and Swaziland was such that Mozambique became the first country to be admitted to the Commonwealth that was never colonised by Britain. Can it be right for a country that has already suffered so much to endure such a burden? There can be no moral, political or economic justification for that.

Likewise, what useful purpose or moral argument can there be for continuing to demand that the people of the Democratic Republic of the Congo pay the price for the extraordinary and bizarre behaviour of Mobutu and his henchmen? The Government have expressed a welcome wish to work constructively with the new Administration of Laurent Kabila in Kinshasa. There could be no better way to start than by giving bilateral debt relief and supporting such initiatives at the multilateral level. There is no doubt that such an approach will be welcomed throughout the continent.

South Africa's deputy Foreign Minister, Aziz Pahad, last week called for a co-ordinated international effort to help rebuild the Congo's shattered economy, which would have to start by working out ways to deal with the crippling debt burden of £9 billion inherited from Mobutu. He stressed that that must be an African-led initiative, and I believe that one of the most useful things that we could do is to encourage the increasing efforts of the African countries and peoples to resolve their problems themselves.

Such an approach has shown its worth in efforts to resolve conflicts in the Great Lakes region, to restore democracy and halt the slide to war in Burundi, and to end conflicts and restore democracy in Sierra Leone and Liberia. The continued progress of the Southern Africa Development Community and the more recent revival of institutionalised economic co-operation between Kenya, Uganda and Tanzania are the sort of positive examples that we need to support and help to build on.

It is entirely right that we should focus our efforts in debt relief and development aid on those countries that have made the greatest efforts to reform their economies and democratise their forms of government, on countries that fight corruption and do not contribute to instability among their neighbours and in the wider region. However, it is time to reject the tired and discredited dogma that economic liberalisation on its own represents some sort of panacea for the poorest countries of the world. The new Government elected by the British people in their millions on 1 May bring to the task of international development fresh thinking that asserts that liberalisation on its own is not enough. The state still has a key role to play in ensuring provision of basic health and education, in terms of physical infrastructure and in establishing a fair and transparent framework of legislation and regulation.

It is interesting to note that, as with the Government's policies at home, our thinking on international development is paralleled by a welcome change of heart on the part of key players, some of whom have by no means always shared our views and perspectives. For example, last week the World bank's chief economist, Joseph Stiglitz, declared:

"Markets and governments are complementary. The state is essential for putting in place the appropriate institutional foundations for markets."

According to the World bank's new report "The State in a Changing World", most African countries will need to raise real public wages, increase spending on social services and

"undertake vast investment in personnel management, retraining and accountability."

The bank's president, James Wolfensohn, noted:

"Without an effective state, sustainable development, both economic and social, is impossible."

According to Wolfensohn, the state must be a "partner, catalyst and facilitator" of economic development, setting rules to allow markets to function, playing by the rules itself, acting predictably and preventing corruption.

The World bank report identifies what it considers as five crucial functions that Governments, as opposed to markets or the private sector, must provide—a legal foundation, an effective macro-economic policy environment, investment in basic social services and infrastructure, a comprehensive safety net for vulnerable members of society and basic environmental protection.

[Mr. Keith Vaz]

For those who remember the dogmas, prescriptions and impositions of the 1980s in particular, those are welcome and refreshing words. They provide the basis for a great new consensus which can really work to eliminate extreme poverty and so make the world a safer and more sustainable home for future generations.

I know that my right hon. Friend the Secretary of State brings to her office an awareness of the tragic circumstances that led to some of her forebears having to leave Ireland and subsequently make their home in Birmingham. In his recent message at the famine commemoration event in the Irish Republic, my right hon. Friend the Prime Minister recalled and regretted how the Government of the day in London 150 years ago failed a section of their people, with tragic consequences, by allowing political and economic dogma to take precedence over human want and need.

Today, we live in an even more interdependent world; we must not leave to future generations the burden of having to say that we in this House failed the most needy people in the world for any reason of prejudice, indifference, dogmatism or wilful neglect. That, above all, is what the Government's White Paper must address; I firmly hope that it will.

5.20 pm

Sir Raymond Whitney (Wycombe): The hon. Member for Leicester, East (Mr. Vaz) was right to point to the welcome improvements in a number of African states. He was also right to mention the importance of relieving debt interest. However, he might have recognised the important start made in that respect by the previous Conservative Government. I differ with him over his suggestion that the present Government came to office on 1 May with a new set of policies. As far as the country can tell, most of the Government's policies are a pale imitation of Conservative policies. Labour offered only two policies: a minimum wage, which will cost jobs, and a windfall tax, which will do great harm. There is little sign of any other new policies.

I have had the privilege over 10 years of my working life to be involved with development in one form or another on the Indian sub-continent and in east Africa. Throughout that time, I have been struck by the danger of introducing woolly thinking into the subject. That was one of a number of points on which I agreed with the Secretary of State. She said that what were needed were not just soft hearts but hard heads, and I agree. However, as she continued her speech, hard-headedness seemed to disappear.

As we enter yet another review with this White Paper, the new Department should ask the following question: after more than 40 years of massive development effort and after countless billions of dollars or pounds have been spent, why do these enormous problems and challenges remain? The problems seem greater now than they did in previous decades. That is not necessarily because they are greater in real terms; it is because we are more aware of them. The communications revolution means that the problems appear on our television sets virtually every night and there is, rightly, deep awareness of them. The public will to meet that challenge is entirely justified and, I am sure, shared by parties throughout the House and the country.

I also agree with the Secretary of State that it is possible to eradicate poverty; it is technically achievable in terms of increasing the production of agriculture, food and other goods so that other countries attain the sort of standard of living that we in this country are fortunate to enjoy. It is possible to eradicate poverty if we introduce the right policies, but that is where we have to make a judgment. The White Paper must be clear and as we move forward on, I hope, a bipartisan basis, we should learn the lessons of the past 40 years, which have not been an unmitigated success. However, in the past few years, some progress has been made in Africa.

No amount of aid or sacrifice by the developed countries will work unless conditions are right in the developing and recipient countries. There are two major challenges or obstacles to be overcome. The first challenge is what we might call civil strife. If there is civil war or tribal fighting of the sort that we have seen in central Africa over the past two or three years, nothing can be achieved, whatever the world community does. All we are doing is putting a finger in the dyke; no progress can be made towards eliminating poverty.

I am not suggesting that I have the answer, but the international community must work out what it can do if one country or a group of countries seems intent on tearing itself to bits. To what limits can the rest of the international community go? What action can we take through the United Nations, the European Union or any other international group? How far can we go in peace-keeping terms? We all know the terrible challenges involved. How many of us are ready to tell our constituents that their sons must enter the armed forces and defend the status quo in Rwanda, the new Congo or wherever? We also face the challenge of what happens when we leave. Will we be sucked into what is known in the United States as the Vietnam situation? Those challenges present an examination test to which the international community has not yet found the answers. I do not have the answers either. Those problems constitute a crucial element in the challenge that the international community must tackle if it is to solve world poverty.

I believe that we have learnt lessons and can make progress in our efforts to overcome the second challenge or danger. I shall sum up that danger in a word that may give offence to some Labour Members: it is socialism—state interference. We saw that happening for at least a quarter of a century—

Mr. MacShane: Where?

Sir Raymond Whitney: I shall tell the hon. Gentleman. I can give the example of Tanzania. I am referring to the 25 years between 1960 and 1985—the hon. Gentleman was not in the House at that time, but I was, towards the end of that period. Dame Judith Hart, to whom much reference has been made in the debate and to whom I pay tribute, was totally committed to the cause. If ever there was an example of a soft heart taking precedence over a hard head, it was in the form of that admirable woman, Dame Judith Hart.

I am giving the hon. Member for Rotherham (Mr. MacShane) his answer and I hope that he is listening. Tanzania is a perfect example. We kept hearing about Uncle Julius—President Nyerere—who was

President for about 25 years, during which time there was what he called Ujamaa socialism, which was a total disaster. With a few, freak statistical exceptions, no country in the world has had more aid than Tanzania, which has nothing to show for it in terms of its people making progress towards escaping poverty.

There has been a change in the past five years. We have got away from the one-party state, from centralisation and from the socialism of Tanzania into a multi-party state led by President Mkapa. He follows the precepts and recipes of the International Monetary Fund for which he worked.

Mr. Soames: Julius Nyerere followed mad policies which did terrible harm in Africa and awful corruption flowed from his Government. Does my hon. Friend agree that the debate turned largely because of the efforts of my colleagues at the Overseas Development Administration to link aid to good government? Does he agree that—far from there having been no overseas aid until the right hon. Member for Birmingham, Ladywood (Clare Short) became Secretary of State for International Development—the whole debate and the thrust of our aid programme had already dramatically changed for the better and led to profound changes in those countries?

Sir Raymond Whitney: I am most happy to agree with my hon. Friend—we must not let Labour Members get away with pretending that international development began on 1 May. We were, quite rightly, the sixth largest donor in the world and, as most of those familiar with aid programmes on the ground recognise, the British aid programme is one of the best administered of the lot. I would add, en passant—if I am allowed to use a little French in this Chamber—that one of the other lessons I learned from personal experience is the extreme value of well-administered non-governmental aid. I emphasise the term "well-administered", because there are some badly administered programmes. I reckon that £1 spent by a good agency is worth £5 spent by a multinational operation and I have seen many examples to justify that belief.

Let me return to the point in my speech where the hon. Member for Rotherham gave me the chance to offer him the salutary example, which I hope he will consider carefully, of Tanzania and how the dangers of a socialist approach destroyed any hope of using aid productively and effectively. That point was again underlined by the world development report issued by the World bank, to which the Secretary of State referred. If the seed of development is to flourish, the soil has to be fertile, which means that the approach of the recipient Government has to be sensible, non-dogmatic and pragmatic. It is the lack of those qualities that will reduce the economic success that the Labour Government have inherited from their predecessors.

Mr. Jeremy Corbyn (Islington, North): Before the hon. Gentleman gets totally carried away with his eulogy to free market economics, will he pause for a second and recognise that the free market economies of Latin America that he admires so much have created the most incredible gap between rich and poor—which is precisely what they are designed to do—and that the gap is getting greater and the rate of environmental destruction in those economies is getting far worse? Does he not recognise that in equality there is also an opportunity for sustainability?

Sir Raymond Whitney: I invite the hon. Gentleman to consider the standards of living in even the poorest countries of Latin America and compare them with the impact of socialist policies in Africa. I would be the first to agree that there is a challenge in some Latin American countries, but he should recognise that the trickle-down effect actually exists—although I realise that that is anathema to his basic political philosophy. Would that the economic position in Africa were remotely comparable to that in Latin America, which is the second fastest-growing economic area in the world. If I were asked who would be better off in 10 years' time, someone who lives in Zaire or Rwanda or someone who lives in a favela outside Rio, I know where I would put my money.

I gather that today, for the second time of asking, the world has been blessed with a speech by the Secretary of State. I regret that, although we could all agree with many of her remarks, the speech verged on the platitudinous. We were waiting for the big event—to be told what was new. We know about tackling and trying to eliminate poverty, but we wanted to know what the Government were going to do about it. We were told that they would have a review—No. 27 or 28 in the calendar of this brave new Labour Government.

The Government have set an aid target of 0.7 per cent. of gross national product, so the obvious question is whether there is a target date by which we are to achieve it. We have been told that the answer is no—the review will be completed at the end of next year and then a date will be found. Whether we are currently spending 0.28 per cent. or 0.27 per cent. of GNP on aid and whether we want to shift the focus of that expenditure marginally one way or another is not important; if the Government truly accept a target of 0.7 per cent. of GNP, what is wrong with announcing a timetable now? Might not that reticence be connected with the fact that the Budget is delivered tomorrow and therefore nothing can be said today? I may be wrong, but I doubt whether anything will be said tomorrow about expenditure increasing in the aid budget. That was a significant gap in a very long speech by the Secretary of State, who told us nothing new. Nevertheless, I look forward to the right hon. Lady's continued occupancy of the post of Secretary of State. There is no doubt where her heart lies—the question is, how hard is her head?

5.35 pm

Mr. Bernie Grant (Tottenham): I was not sure whether the hon. Member for Wycombe (Sir R. Whitney) was attacking socialism or attacking Africa. If socialism, I tell him that there are many countries that have failed as a result of some policies that were called socialism—countries such as the Soviet Union, which receives aid, and other eastern European countries—but I did not hear him mention any of them. I am led to the conclusion that he is really concerned, not about socialism, but about Africa, and I wonder what the reason is for that.

I am extremely pleased to have the opportunity to speak in the debate. I thank my right hon. and hon. Friends for allowing the debate to happen. I understand that there has not been a debate on foreign aid for an extremely long

[Mr. Bernie Grant]

time. The fact that an issue that has not been debated in the Chamber for many decades is now at the top of the agenda shows the Government's commitment to the subject.

The debate gives hon. Members and the Government the opportunity to discuss and to amend the practice of the old Overseas Development Administration, whose representatives were concerned with huge projects and with acting like old colonialists in relation to them. I am concerned by the way in which the ODA has relegated the Foreign Office to the status of a poor cousin, receiving handouts to run small projects with which the ODA cannot be bothered. That attitude of the ODA causes great resentment among embassy and high commission staff in a number of countries.

British overseas aid in the past has been difficult for countries in the south to access. Strings have been attached—for example, consultants, arms sales and so on—and I was pleased when my right hon. Friend the Secretary of State said today that tied aid will be discontinued. Also, in some instances, the ODA has given capital funding but not running costs, thereby causing projects to fall into disrepair and abandonment.

In the past, aid has been used—*[Interruption.]* Mr. Deputy Speaker, I find it very difficult to speak over the noise from my hon. Friends—I hope that they will either be quiet or listen. In the past, aid has been used to try to alter the political regime in some countries. For example, in Malawi, the regime was threatened with the withdrawal of aid unless the Government changed. Aid given by Britain often ties the recipient countries to buying British goods and services and, in some cases, countries end up owing Britain more than they received in aid.

The role of the British Council was undermined by the Conservative Government through competitive tendering, cuts and a general lack of belief in the organisation. Will my hon. Friend the Minister assure us that the British Council, which is respected by every country that I have ever visited, will be fully funded, and that its proper status will be restored?

Some people in this country believe that aid should not be given to other countries. Constituents of mine, especially young people, say to me, "We have problems in our own country. Our infrastructure is bad, and there is high unemployment, but we are giving aid to other countries." I think that such arguments can be laid to rest by the concept of mutual benefit. Aid that is given to a country in the southern hemisphere can benefit both donor and recipient. When a project is agreed on in such a country, working-class youths and adults in our inner cities—as well as working-class youths and adults in the recipient country—should be able to benefit from training on that project. In the past, aid has largely benefited only big firms such as Wimpey, Tarmac and Costain and their middle-class professional staff.

When I was in the South African Free State recently, someone asked me whether I would lobby the British Government on his behalf to help support a jewellery factory that he wanted to set up in the Welkom area, where the gold mines are. I said that I would be happy to assist, but would that person assist me as well? Many youths in Tottenham could benefit from learning the jewellery trade. I said, "I will do a deal. I will fight for you to secure funds from the British Government, if you agree to take some of our young people so that they can be trained in jewellery cutting and polishing and we can establish a jewellery industry in Tottenham." That is what I mean by mutual benefit. The person agreed to my suggestion, and in due course I approached the Ministers on his behalf.

Projects could be much smaller, and geared towards women and young girls. I am not 100 per cent. critical of the last Government and the Overseas Development Administration. Last year, having been approached by a group of people who wanted to set up information technology training for fledgling black businesses in South Africa, I took them to see Lady Chalker. She agreed to establish a pilot project with the group, and the ODA provided about £200,000 for an initial two-year period. When I went to see the project in action last month, I noted that that £200,000 had funded an enormous operation. The group had persuaded Anglo American to provide them with a brand-new but redundant training centre with 28 bedrooms and a swimming pool, the like of which I had never seen in Britain—and they had acquired it for one rand.

The group has moved on since then. Dell Computers has given it a number of computers; Microsoft has provided the software. When I visited the project, the group had already begun training people from the townships of Brondreld, Thabong and Reebigstadt, and the initial period of training was coming to an end. Four of the 15 people involved already had jobs, and the South African business sector was so impressed with the project that companies such as Anglo American and ICL decided to send their staff to be trained at the centre. The project has been a tremendous success, and excellent value for money. I look forward to discussing with Ministers the possibility of our supporting such a venture.

I was particularly pleased by the fact that computer experts from my constituency went to set up the training in Welkom. If anyone wants further details about the project, I shall be more than happy to supply them.

Let me make a plea for aid projects to be multiracial at all staff levels. Currently, most members of staff are white, which gives those in recipient countries the impression that Britain is a totally white country. Non-governmental organisations and firms that receive contracts as a result of aid should be required to prove that they are equal opportunity employers, and that their personnel who leave this country are multi racial.

I hope that the Ministers will consider helping countries in the south to gain access to aid from Britain and the European Union. It is notoriously difficult for such countries to get hold of EU funds. Rules and regulations are so stringent that gaining access to the funds requires a batch of accountants, financial workers and lawyers whom those countries simply do not have. The situation is ludicrous in many southern countries: millions of pounds have been allocated to them, but lie in the vaults of Britain and Europe while people in those countries starve.

There are two ways in which the problem could be tackled. First, specific aid packages could be geared towards the recruitment and retention of professionals in countries in the south. I believe that many young graduates of African origin would be prepared to go to African and Caribbean countries to work on such

programmes, and I know that the same applies to people of Asian and other origins. It should be noted that nearly all Voluntary Service Overseas personnel are white. I support VSO organisations, but every one that I have seen on my travels has been white. The Government should encourage active recruitment of black and Asian VSO personnel. Secondly, the requirements adhered to so assiduously by officials in the EU and Britain need to be reviewed in consultation with the Governments of countries in the south, so that mutually acceptable procedures can be implemented.

That brings me to my next point. A brain drain is taking place in Africa and parts of the Caribbean. People are being drawn to Europe and America, areas which are acting as huge vacuum cleaners, sucking the best brains out of the southern countries and thereby preventing those countries from benefiting from their qualifications. People who have been given scholarships by their Governments come to this country, gain qualifications and then, invariably, gain further qualifications. They then stay in this country rather than returning home.

Mr. Bowen Wells (Hertford and Stortford): People like the hon. Gentleman.

Mr. Grant: No, not people like me. I did not come here on any scholarship, I am pleased to say.

The Government want such people to stay here because they require their skills, and can get them cheaply. In fact, the Government often do not pay anything, because the southern Governments must pay for the scholarships. The situation is so bad in some countries, such as Guyana, that Governments cannot even collect their own tax revenues because of the lack of qualified staff. The late Dr. Cheddi Jagan, the ex-President of Guyana, said consistently that southern countries should be compensated—not aided—for the brain drain.

It is obvious that the best way to eliminate starvation and poverty in southern countries is to get rid of the debt burdens that they bear. The Paris Club, which is the international forum for determining debt relief, operates on the basis of consensus, which ensures that relief proceeds at the pace of the slowest. The Government should take unilateral action to wipe out the debt of the poorest countries. I was pleased to hear the Minister say that that has already started.

The Government are committed to the heavily indebted poor countries initiative, the HIPC initiative, of the International Monetary Fund and the World bank. While the initiative is welcome, its associated structural adjustment programmes are stringent and long winded and make it difficult for many of the poorest countries to benefit. To date, no country has obtained debt relief from the HIPC initiative. As my hon. Friend the Member for Leicester, East (Mr. Vaz) said, Uganda has undergone 11 years of IMF programmes and is still unable to get relief this year. Next year, Uganda will be required to pay back more than $200 million in interest and the debt relief will amount to only $20 million. That is after 11 years of the structural adjustment programmes. Even the HIPC initiative will be of little help to Uganda next year. I should like to see the Government taking the lead in scrapping the debt owed to Britain as a matter of urgency.

Fair trade is an important element in helping the poorest countries to reduce starvation and poverty. I hope that the Government will look closely at how trade links with Britain and the European Union could be assisted. I am particularly concerned that the EU is currently consulting widely on its green paper on Lomé 5 on which negotiations are due to begin in 1998. The agreement will affect the various agricultural protocols such as those on bananas and sugar. In view of the World Trade Organisation's requirements, I hope that the Minister will find time to debate the Lomé 5 agreement, which is of such importance to African, Caribbean and Pacific countries.

5.52 pm

Dr. Jenny Tonge (Richmond Park): I had hoped to welcome the Secretary of State to her new job. I hope that that will be recorded. I welcome the White Paper and the opportunity to debate it. I understand from my colleagues that there has not been a White Paper on international development for 20 years. That is quite extraordinary.

The political will to build on past successes in combating world poverty has been eroded over the past two decades, and that was illustrated in the speech by the right hon. Member for Eddisbury (Mr. Goodlad). My overwhelming impression was that his speech was a eulogy on the armed forces that are needed to sort out civil wars. In most cases, such wars are the result of failure to provide aid and relieve poverty. The second part of his speech was devoted to trade. It was significant that, in his list of developing countries' needs, he mentioned first, trade, secondly, better government and thirdly, the relief of poverty. My hon. Friends would call that a Freudian slip, but it illustrates the Conservative mentality.

The aid budget is always an easy target, especially when Governments are required to cut costs or to reduce or maintain tax levels. I urge the Government not to stick to their ridiculous boxing in of tax and spending, which we have heard about. No doubt, all will be revealed tomorrow. I hope that we get some good news. We Liberal Democrats are constantly accused of taking the moral high ground. The Government have a huge majority and I urge them to seize the moral option, not only because it is right but because we can afford to do that.

The gap between the richest and poorest countries is wider than ever. Civil wars are increasing, thousands of people are being displaced by conflict and environmental degradation and old and new diseases are threatening public health. The prime purpose of aid is to reduce poverty, and we often fail to acknowledge that aid has brought Britain short-term benefits in goods, services and research. The longer-term approach to aid should be to regard it as investment.

As a doctor, I would opt for promoting preventive health care because prevention makes economic sense. It means less suffering by the patient, and that is also true of nations. Extending aid today will mean less emergency aid tomorrow. Today's recipients of aid are tomorrow's markets. We can all win.

In my short time as Liberal Democrat spokesman for international development, I have come to regard the portfolio, as I know does the Minister, as the most important one. There is no end to the responsibility. It encompasses the environment and the economy and ranges from health to defence issues and all are relevant to international development. I urge the Government in their White Paper to take in aspects of all their policies in other Departments to see how they affect developing countries.

[Dr. Jenny Tonge]

International development to tackle world poverty requires a multi-faceted approach, and it is my job to give the House a brief view of Liberal Democrat policy. We must set a timetable to achieve the United Nations aid target of 0.7 per cent. of GNP in 10 years. I feel ashamed of this country's record. For example, Norway provides 1.05 per cent. of its GNP in aid. While that country's percentage has risen, ours fell under the Conservative Government. Dare I suggest that a timetable for debt relief in the poorest countries and a programme for cancelling debt which has been called for by Jubilee 2000 are surely better ways to celebrate the millennium than building a dome at Greenwich?

Liberal Democrats endorse the Foreign Secretary's fine statement that human rights will be central to the Government's foreign policy. However, we want to see practical measures such as suspending United Kingdom aid programmes in countries where human rights are not being respected such as Indonesia and East Timor. The White Paper must also assess the nature of international trade and how global markets often operate against the interests of developing countries.

We must reform the international trading system. For instance, multinational commercial-style agriculture and industry expanding at its present rate will cause 36 per cent. of the world's arable land to be lost by 2025. Is that sustainable development? Millions of children under the age of 12 work in sweatshops in ever-expanding cities to satisfy the world demand for cheap consumer goods. Is that sustainable? How can we let it continue? My major concern, however, is the targeting of aid, especially to women and children who are illiterate, sick and dying because their countries are so busy paying off debt and encouraging unsustainable development that there is no money left to give their people basic education and health care.

Some hon. Members may already know that I have spent most of the past 15 years working as a woman's health doctor in Southall, Middlesex, where the majority of residents are from the immigrant Asian community. They have access to the best health care and education and they make the most of it, but my patients used to tell me how lucky they were and that the majority of their countrywomen left behind in developing countries faced a different future—a nightmare.

About 600,000 women a year die while giving birth. Many of them are teenagers. I say to hon. Members: imagine if they were their children or grandchildren. The suffering of those women is no less because they are in the third world. Of those 600,000 women, 140,000 bleed to death. *[Interruption.]* I do not think that the hon. Member for Mid–Sussex (Mr. Soames) can stand the statistics. About 75,000 women die from the results of self-inflicted abortions. They do not want unlimited pregnancies; they want to decide for themselves how many children they have. In many cases, they have no access to birth control, so illegal, self-inflicted abortion is the only answer.

About 75,000 women die from convulsions due to eclampsia, which is a complication of pregnancy, and 100,000 from blood poisoning. About 40,000 go into obstructed labour, which goes on for days and days and there are enough women in the Chamber, thank goodness, to know what obstructed labour might feel like. The baby is already dead and the women go on until they eventually die themselves. Help is not available. The ones who die might be regarded as the lucky ones. The women who live face a life of terrible ill health and of rejection, often by their families and communities because they simply cannot support someone who is unproductive within the village or family.

Those women and their children must be helped. They must have access at least to basic health and maternity care. I accept that it is a tremendous task, but I cannot accept us turning a blind eye to such suffering. As other hon. Members have mentioned, help must be linked with basic education. That must be a high priority. Studies have shown that the education of girls, in particular, is one of the best investments available to developing countries.

I welcome the fact that the Government have announced that we are going to rejoin the United Nations Educational, Scientific and Cultural Organisation, but I am sad that the money has to come out of existing budgets and that no new money is to be found yet. Education can increase incomes, free women from subjection and lead to better child health and nutrition. Ultimately, it can lead to a more prosperous society.

Mr. Foulkes: I welcome what the hon. Lady says about UNESCO. The Secretary of State for International Development was in Paris this morning hoisting the Union Jack over the UNESCO building, while the Union Jack was being taken down on the other side of the world. I also reassure the hon. Lady that the moneys to pay our subscription to UNESCO will not affect our bilateral programmes to any country, but will come out of the contingency fund.

Dr. Tonge: I am delighted to hear that because, in a reply several weeks ago, the Minister told me that the money would come out of the reserve and did not explain that new money was being found. I am not sure even now that that is new money and we look forward to new money for overseas aid.

If poorer countries are using their meagre gross domestic product to pay off debt, to erode their land and to destroy their environment, they gain nothing and we gain nothing in the long term. Every day that developed nations delay the relief of unpayable debt, opportunities for education, health care and sustainable development are lost. Let us in this country, who have been given every opportunity to change things for the better, lead the way through the new Government. The Government are leading the way on land mines and they should be proud of that. Let us also lead the way on overseas aid.

6.4 pm

Mr. Jeremy Corbyn (Islington, North): I welcome the debate and the opportunity for a discussion before the publication of a major Government paper on international development issues. I particularly welcome the fact that the Government have changed the Department's name from Overseas Development Administration to the Department of International Development. It is a far more appropriate title. It recognises a sense of sustainability and interdependency in the world, rather than one of a paternalistic disbursement of funds to the needy poor.

I also welcome what goes with that change: that the Government's foreign policy statement on human rights is a central part of British foreign policy. It is about time

that that was a central factor in our foreign policy because human rights abuses throughout the world are getting worse. Many of those abuses are a product of poverty, of the gap between the rich and the poor, of the sale of arms and of the arms race. Those are all factors that must be borne in mind.

The end of the century provides us with an opportunity at least for some degree of hope. When we were having such debates 10 or 15 years ago, the world was gripped by what could only be called the Thatcher-Reagan axis of a never-ending arms race, an ever-growing gap between rich and poor and the brutal imposition of free market economics on the poorest economies and people throughout the world. That brutality cost the lives of millions of people, as did the United States arms race and rearmament programmes. However, things have moved on a bit since then and I hope that we now recognise that this planet cannot survive unless we find an environmentally sustainable form of development and eradicate the gap between the richest and poorest nations, and between the richest and poorest people in both poor and rich nations. This country has much to learn and much to contribute to the debate. Until last year, Britain had the fastest growing gap between the rich and poor of any industrial nation and we exported that belief to many poor nations.

On Friday, a BBC "Newsnight" report on the New York environment summit suggested that there was some difference between environmental groups, aid lobbies and world anti-poverty organisations. There is no difference between the two because the world's problems—including global warming, pollution and desertification—impact on each other. If people chop down forests on the coast of west Africa, it affects the rainfall further in the interior. If people chop down forests anywhere, it increases run-off and it reduces water retention and the atmosphere's ability to gain more oxygen. We suffer as a result.

Throughout the world, it is the poorest people who suffer the impact of pollution. The smog clouds in third-world capital cities are over the poorest neighbourhoods. It is the rich who can afford to move to the hills in the suburbs and who think that they can get away with it. The poor suffer from low life expectancy and appalling housing and health because of the environment in which they live. We have to look to develop a world in which we protect the biodiversity that exists, in which we encourage an environmentally sustainable policy by all countries and in which agricultural and industrial systems do not continually warm the planet and create problems. We have to look to sustainable agriculture as well, which brings me back to the point about the economic models that are imposed on people.

African agriculture is very efficient and productive. It is not efficient and productive if development destroys what was an indigenous form of agriculture and instead imposes a plantation system of agriculture based on machinery, pesticides and exports, which reduces the life support systems for the local populations.

Some years ago I was in Honduras, an extremely poor country in central America, talking to a family who lived outside the cash economy. They lived, essentially, in a hut beside the road and grew a bit of corn. If they did well, they sold a bit and could buy a few cooking utensils. If they did not do well, they starved. Behind them was a huge, barbed wire fence protecting the fattest beef cattle in the world which were using the land—land that that family should have—to feed the burger bars of the United States.

The international development of a plantation or ranching system of agriculture while allowing a minority of the population to live in the most abject poverty possible was presented as a model of development. We can and must do much better than that. The gobbledegook of market economics that says that all private sector investment in the third world, and all investment in such an agricultural system, is automatically good is totally wrong. It is totally fallacious. If we believe in sustainability, we must encourage an agricultural system and biodiversity that sustain the environment and the local population. It seems wrong to encourage the development of such an agricultural system when the poorest people in those countries continue to starve as a result.

The Secretary of State's objectives for 2015 of halving world poverty; universal primary education in all countries; a two-thirds reduction in infant mortality; and global sustainability are achievable. They are, in some ways, quite modest. They suggest that there will still be quite a lot of people living in abject poverty, that there will be an awful lot of children and young people dying prematurely, and, indeed, that there will be many adults who will be lucky to live past 45. We must be able to achieve my right hon. Friend's objectives, but to do so will require a considerable effort by an awful lot of politicians around the world to make the case and to be prepared to promote a trade and aid system.

My concern is that so much of the economic development that is happening in the world at the moment is presented as rapid economic growth, as was mentioned by the hon. Member for Wycombe (Sir R. Whitney), who often speaks with great verve about the development of Latin American economies. He will find that there is indeed very fast growth in many Latin American economies, but behind that growth lies two factors. There is the most unbelievable degradation of the environment by multinational corporations that could not give a fig for the pollution that they pour into the rivers, for the fish that they destroy, the forests that they chop down or the life styles that they destroy.

There is also mile after mile of shanty towns outside the major cities, with children working in unbelievably appalling conditions. As soon as anyone pokes their head above the parapet to try to form a trade union to protect workers' conditions or tries to form a social rights campaign to obtain housing, health or education, they come up—like a hammer against an anvil—against the economic model that that country is following. They are told, "Pay your debt, cut your public expenditure. Promote exports. Don't worry about sustainability." Those people, because they have stood up against those regimes, then become political refugees who seek a haven in western Europe and north America. We can and must do better than that. There is a danger that the economic models that are being pushed on the poorest countries of the world are in effect almost a recolonisation of the countries that fought for their independence some years ago.

Of course we should achieve the aid target. It is a disgrace that we ever went below it. We can and must do much better than that. We must also look at the issues of trade and fairness that go with it. Some countries have traditionally depended on a single product for their main export earnings. My hon. Friend the Member for

[Mr. Jeremy Corbyn]

Hackney, North and Stoke Newington (Ms Abbott) mentioned bananas from the Windward Islands; others mentioned cocoa from west Africa and other places. But however much those countries are able to increase their productivity, they end up getting less money for their products because they do not control the prices that they are paid in the first place. They produce more to sell more to get less to pay a debt, the interest rate of which is fixed elsewhere. My hon. Friend the Member for Tottenham (Mr. Grant) spoke about the debt crisis.

One can see how countries got deeply into debt. They did not control the petroleum prices. They did not control the interest rates that they paid on their loans. They did not and cannot control the prices that they are paid for tea, coffee or anything else. Those prices are fixed miles away, often only a couple of miles from this Chamber. We must ensure that the World Trade Organisation looks to sustainable and fairer trade and ensure that decent prices are paid for the primary products of the poorest countries in the world.

We have to ensure that the International Labour Organisation's very minimal and basic conditions are applied throughout the world. The biggest abusers of workers' rights around the world are often the small contractors that work for multinational corporations that are based elsewhere. The children who assemble training shoes in third-world countries work for the brand names that are on sale in the high street. However much those brand names might try to wash their hands of it, they are guilty of what is going on.

My final point—this debate is clearly part of a continuum—is that we have to take these issues extremely seriously. We want to live in a world that is harmonious, but it will not be harmonious if the gap between the rich and poor widens. It will not be harmonious if civil wars are promoted as a result of that gap. It will not be harmonious if we base much of our economic activity on the sale of arms to elites to control the poorest people in the poorest parts of the world. We have to look to democracy in the way in which multinational corporations operate. It is regrettable that, a year after the Rio summit on the environment, the United Nations closed down its office for multinational corporations. We have to reform the way in which the World bank operates and the way in which the International Monetary Fund operates.

In its 50th anniversary, perhaps we should look to greater democracy and transparency in the United Nations. We want this planet to be a place that all of us can inhabit, where all of us can achieve the best for ourselves in our lives, but we cannot do that if we allow some of our fellow citizens of the globe to die in childbirth and allow some people to reach 30 or 40 while a minority in the richest countries can live to 80 or 90 and have a reasonable existence. We must ensure that we share the wealth of the world and the technology that brought about that wealth.

6.17 pm

Mr. Nicholas Soames (Mid-Sussex): I start by welcoming in her absence—I should be grateful if the Minister would pass on my warmest welcome—the right hon. Member for Birmingham, Ladywood (Clare Short) in her capacity as Secretary of State for International Development.

I agree with the hon. Member for Islington, North (Mr. Corbyn) that the change in name is fortuitous and welcome. It more carefully, more sensibly and more coherently portrays that which a country such as ours seeks to do in this regard overseas.

I also pay warm tribute to my right hon. Friend Baroness Chalker. All of us who know Lynda Chalker know what an incredibly dedicated and remarkable job she did at the Overseas Development Administration. She was held—literally around the world—with immense affection, regard and esteem. On many occasions, I have been told that she has a profound understanding of the needs of many developing countries and a determination to do what she can to help them.

I very much hope that Labour Members will not forget the very admirable work that Lynda Chalker did. I hope also that they will not forget her predecessor—the 28th and last Governor of Hong Kong, who was himself an immensely distinguished Minister for Overseas Development.

I should also like to do something that the Secretary of State for International Development, to her shame, did not do today—pay a warm tribute to all those who work for the ODA. Many ODA staff and subcontractors work in the most hostile, difficult and inhospitable conditions, and they have many remarkable achievements to their credit. In the plethora of political correctness that we hear everywhere about overseas aid, we underestimate the extraordinary respect that Britain commands in the developing world.

Clearly Labour Members believe that overseas and international aid have been invented since 1 May 1997. I believe that it is incumbent on the House not to forget that, before 1 May, we operated one of the most successful aid programmes in the world.

Mr. MacShane: Will the hon. Gentleman remind the House which Government and Prime Minister first created a Ministry of Overseas Development, which Government degraded it so that it was simply an adjunct of the Foreign and Commonwealth Office and which Government returned it to the Cabinet?

Mr. Soames: I can quite easily answer the last question, but I have no idea about the first two questions.

As I said, we had a very good aid programme. Although many hon. Members might have wished that we had had more to spend on overseas development, as a proportion of national income 'at 1.38 per cent. of gross domestic product' Britain is nevertheless the second largest provider of development money. I believe also that the action that was taken to make that money go further by promoting work with non-governmental organisations set a very valuable precedent, on which I am quite sure that the Secretary of State for International Development will build. Opposition Members will be watching with interest as the new plans unfold. I am particularly interested to discover how much money the Chancellor will give to overseas development.

At heart, the previous Government believed that the quality of aid was what really mattered. I am quite sure that that belief will hold true with the current Government, regardless of whether they spend more money. The important factor is that the quality of aid given should be extremely good.

In the course of the very happy time that I spent at the Ministry of Defence, I had the opportunity to see many ODA projects around the world. I should like, however, to dwell on the projects that I saw in Bosnia, because an important question is where the defence review will leave our overseas aid programme and many of the assets deployed in its support.

The scale of the work that was undertaken in Bosnia was truly remarkable. Hon. Members do not know enough about those programmes, although—if he attempts to catch your eye, Mr. Deputy Speaker—the hon. Member for Tatton (Mr. Bell) may have something to say about the extraordinary success of the British aid programme in Bosnia and the desire of almost every other country involved there to learn how our aid projects were undertaken.

Many of those projects were undertaken by the British Army—particularly the Royal Engineers—and supported by the Royal Air Force and by the Royal Navy. The projects had the benefit of the skills and experience of the ODA, matched with the tremendous technical skill of people such as the Royal Engineers. As my right hon. Friend the Member for Eddisbury (Mr. Goodlad) said, the forces restored electricity and gas supplies and built health centres. I visited a health centre in a place where, for generations, people had had no form of medical assistance.

The services also repaired and rebuilt schools and gave people considerable comfort and a stake in the community—which, after all, is what promoting peace is all about. Their effort was one of the most excellent uses of our aid programme that I have ever seen and enabled us make a real contribution to restoring normality to a shattered and broken country, thereby enabling people to begin to pick up the pieces.

My experience of the ODA in Bosnia showed the services' exceptional ability to help in delivering aid. There are endless examples of that ability, as the Under-Secretary of State for International Development knows very well. He knows also that we should build on that ability. I suggest that the ODA should provide and that the services should make provision for a permanent ODA representative, to assist in contingency planning at the permanent joint headquarters, at Northwood.

I had an entire series of meetings with ODA officials and Ministers to try to ensure that we had perfect co-ordination. However, much of the planning for operations short of total war should involve the ODA, because—as my hon. Friend the Member for Wycombe (Sir R. Whitney) said—much of the necessary work involves clearing up after military operations and delivering aid to communities gravely affected by those operations. It is important that the ODA's expertise should be factored in early in planning operations.

I ask the Minister to consider the question whether there should be—if not a permanent ODA representative at the PJHQ—a highly placed official who could be allocated to the PJHQ at any time to assist in on-going contingency planning.

Mr. Wells: Will my hon. Friend pay tribute also to HMS Liverpool, which is providing tremendous assistance to Montserrat? It is another example of what he is talking about: aid delivered efficiently with the help of the armed forces.

Mr. Soames: I am very glad to endorse my hon. Friend's comments. In events of the past few days, HMS Liverpool, which is currently the West Indies guard ship, has played a notable role. Later in my speech I propose to say a word or two about the West Indies guard ship, which has long played a notable role in similar operations. It is an extremely important asset.

The Minister should know also—although the services will not thank me for saying it, because they want their people to do things other than to work in the aid programme—that, within all three services, there is an increasing reservoir of extraordinary expertise and skill in aid delivery. I urge the Minister and the Minister for the Armed Forces—who has at his command, particularly within his private office, a considerable reservoir of expertise—to make the most of those resources to ensure effective and efficient aid delivery to those who most need it.

The know-how fund, which was established by the previous Government, has been an incredible success and one of the most successful new developments in international aid of the past few years. The fund has supported the transition to a market economy in central and eastern Europe by providing British skills and encouraging British investment, and a Conservative Government spent £230 million on it. In the re-ordering that the Secretary of State for International Development said that she will undertake, I very much hope that there will be no diminution of that very important programme in central and eastern Europe. It is not only contributing to stability in countries making a very difficult and tricky transition but greatly enhancing Britain's reputation.

The Secretary of State for International Development has returned to the Chamber. I warmly congratulate her on her new position, to which she is bringing much enthusiasm and drive. I understand how excited she is at getting the job, because I felt exactly the same about my job in government. Enthusiasm can carry before it a great deal of obstruction.

I ask the right hon. Lady to consider establishing a know-how fund for the Palestinians. Her Department has a good record already in helping them. I think that about £80 million has been given to the Palestinians to help them in a tricky period. The right hon. Lady, who knows about the middle east, will be aware that the peace process is beginning to run into the sand. Too many people feel that no longer do they have any stake in the community and have nothing that is worth hanging on to for the future.

The way in which the know-how fund has operated is so special and unique to the United Kingdom that it would command the support of many of the Gulf states, which I am sure would share the funding of it if we made available our expertise. I ask the right hon. Lady carefully to consider whether there should be a reordering of the fund. We might look for other sources of money to support such a programme. Given our expertise in these matters, the other moneys would be most welcome.

I shall say a few words about the defence review. My hon. Friend the Member for Hertford and Stortford (Mr. Wells) mentioned the West Indies guard ship.

[Mr. Soames]

The Secretary of State's right hon. and hon. Friends in the Ministry of Defence are undertaking a fundamental defence review, which will be put many such assets under great pressure. The right hon. Lady needs to fight with all the considerable force of character and will at her disposal to ensure that we retain the guard ship along with the Armilla patrol, both of which for tiny cost carry weight and substance and the ability to project British power, which is an important object in itself, along with the ability to assist in disasters.

The right hon. Lady will know that for many months there have been evacuation and emergency plans for Montserrat. The West Indies guard ship was the key to that operation, as was all the liaison that takes place throughout the Caribbean between the countries that have ships in the area, to ensure that we cover one another and can help. The guard ship and that liaison are a vital arm to our foreign and aid policies. I urge the right hon. Lady to understand that both these assets, and many others, are of great service to the state and are under great pressure.

In my view, the Secretary of State for Defence does not understand what the Treasury will do to the defence budget. The right hon. Lady will understand that the Treasury is one of the arms of government that is entirely resistant to reason and logic. In my humble experience of the Treasury, it is my considered belief that it works for a foreign power—probably for the Russians. I urge the right hon. Lady to get her retaliation in early and to build a substantial case for those assets that help her Department to deliver the overseas aid programme in such a distinguished way.

Mr. Grant: I agree 100 per cent. with what the hon. Gentleman has said about the West Indies guard ship. It does a tremendous job in terms of evacuation and in patrolling for drugs and everything else. Has the hon. Gentleman, as I did, landed on the guard ship in the middle of the Atlantic by helicopter? It was one of the most exciting things that I have done in my life.

Mr. Soames: Over the past few years I have landed on many ships, and I agree with the hon. Gentleman. It is, indeed, an outstanding and exciting thing to do. It is—I do not know exactly what the word is—a nut-tightening experience of the first order, especially if one is landed-in by wire. However, I was so dedicated to my job in the Ministry of Defence that I felt for me to go to the West Indies would probably be a trip too far. I passed on that particular one.

I conclude by taking up a point made by my right hon. Friend the Member for Eddisbury about Voluntary Service Overseas. I think that the Secretary of State is in a unique position, with her tremendous enthusiasm for her job, to encourage and enthuse more young people to take part in the aid programme. I have no doubt that they could, if they were permitted to do so, make a hugely greater and more important contribution than they can now because of the meanness or parsimony of our financial masters.

I urge the right hon. Lady to ascertain whether she can secure more money for the VSO and for other like organisations and generally to encourage the young to see what they can do to help developing countries, where they will be made most welcome.

My right hon. Friend Lady Chalker instituted a fundamental expenditure review within her Department in 1994. It is difficult to see what rabbits the right hon. Lady will be able to produce from her hat. All of us will live in hope but, I must say, without much optimism.

6.35 pm

Dr. Nick Palmer (Broxtowe): I am grateful for the chance to make my maiden speech on the subject that is before the House. Many right hon. and hon. Members will remember my predecessor, Sir James Lester, as a prominent supporter of overseas aid, and I am pleased and proud to be continuing this Broxtowe tradition. It is sometimes said to be an unpopular cause, but that never seemed to worry Sir James, just as he remains an enthusiastic supporter of the European Union long after it has ceased to be fashionable in the political circles in which he moves.

I remember a debate during the general election campaign when a questioner asked whether he, Sir James, was not worried by the social chapter. He replied that he was not worried at all by the social chapter as it stood. It would have taken only a tiny hint of scepticism to win the questioner's vote, and it would not have made any difference to the prospects for Europe or the national election if he had perjured his soul by that tiny fraction. But he did not, and it was one of those moments that I am sure that most right hon. and hon. Members have had, at one time or another, when they had a sneaking suspicion that their opponent might, at a personal level, be a better man or woman than they. Sir James is an upright man, and all of us across the constituency and the political spectrum wish him a very happy retirement.

Broxtowe is a fascinating constituency to represent, not least because it does not exist as a place on the map. It was originally an administrative and recruiting area, and the Men of Broxtowe were a feared armed force in former times. I shall say something later about the women of Broxtowe.

The constituency curves round the western outskirts of Nottingham, including an astonishing variety of environments. Beeston, the home of Boots and the regional centre for Siemens and GPT, is a thriving town, attracting increasing interest from other pharmaceutical companies.

Further west from Nottingham, we find the leafy suburbs of Bramcote Hills, as well as the famous Attenborough nature reserve. Next comes Stapleford, which is distinct from Nottingham and which faces all the challenges and problems of proximity to a major city. I am sure that many hon. Members will be aware of those challenges and problems from knowledge of their own constituencies.

Turning north, there is the idyllic village of Strelley, so fiercely protected by planning regulations that even the trees must apply for permission to spread their leaves. There are then the townlets of Awsworth, Cossall and Trowell, which are directly threatened by opencast mining projects of the type which were debated in the House a few weeks ago. I am sure that we shall be debating those issues again soon. Finally, in the far north, there is the town of Kimberley and the sprawling estates of Greasley, where many of D. H. Lawrence's works were set.

Like all constituencies, Broxtowe strives to develop new export industries, and one of the most successful has been in Labour candidates. My hon. Friend the Member

for Erewash (Liz Blackman), who has already impressed the House with her maiden speech, was until the election the deputy leader of Broxtowe council. Ms Jocelyn Pettitt, the candidate who reduced the former Chancellor's majority to a handful, is chair of Broxtowe Labour party. Rumour has it that she was the only Labour candidate to receive a "good luck" telegram from a Conservative association—in Yorkshire, I believe.

During the past 18 months, I spent most of my weekends talking to a total of more than 10,000 people in Broxtowe—not campaigning, but just listening to their concerns. During the election campaign, we offered all voters special interest leaflets on 14 subjects. We were a little surprised that the overseas development leaflet was one of those most in demand. That interest in overseas development in my constituency and many others can be traced back to the everyday concerns of most people.

How do people expect from us in Parliament to affect their lives? The sobering truth is that most people are not all that interested in any of us or in politics. Most people just want to get on with their life. Events in Westminster normally seem remote to them, just as events in Britain probably seem remote to many of the people whose future we are discussing.

The problem is that a sudden decision in the political or business world can lash out at a person's life like a blind monster, oblivious to its power. Those effects can be seen in Britain when a decision to close a factory, build a stretch of road or change the rules for the care of the elderly, which may seem minor and necessary in London, destroys the security that families have built painfully over many years. A change in the terms of international trade can destroy a country's prospects for many years.

People do not expect the Government to intervene massively to transform their lives overnight. If we announced that a giant new steel works—or even a giant dome—were to be built in Broxtowe next week, people would be astonished, and not necessarily all that thrilled. They look to us to provide underlying security—the confidence that they will always have at least a minimum income, a roof over their heads, a tolerable environment, decent health care and decent education for their children.

People expect that not because they are particularly lucky, not because they were born to the right parents, not because they know the right people, and not even because they made the right decisions early in life, but simply as part of the basic package of being British.

People want protection against arbitrary disaster. It is sometimes said that a strong welfare state removes the incentive to take risks. People who are walking a tightrope without a safety net take the fewest risks, and cling most desperately to what they have. Only someone who believes that they will always be sure of the basic essentials will find the courage to change to a new skill or go to a new town to find work. We try to encourage flexibility in Britain and abroad, but we must remember that flexibility is not just a change in the rules, but an attitude of mind rooted in underlying security.

If those facts are true in Britain, how much more are they true in developing countries, where many people never encounter even a fleeting moment of security, and life is a desperate battle from a hazardous birth to an early death. Most people in Britain do not spend much time thinking about such things, but when they hear about conditions in many parts of the third world, a spark of sympathy leaps the geographical and cultural chasm, and they want their Government to do more to make an impact.

Most of us remember the Live Aid events some years ago, which, for a few days, gripped the imagination of the whole of Britain. That memory is lodged in people's consciousness. They do not think about it every day, but they want us to take action.

For the past 18 years, we have spent less and less of our resources on fighting the most extreme forms of human misery on the planet. For the sake of our self-respect, we should reverse that decline and concentrate our aid on countries as disparate as India, Cuba and South Africa, where there is a clear focus on taking people out of poverty.

In recent weeks, the new Government have met a rare wave of euphoria. People who for many years have felt cynical about politics and about the Government have gained a sense of common hope—a sense that democracy can achieve a change for the better. With the policies that we are discussing today, we have a chance to spread a little of that hope to people in places where hope has been no more than a distant rumour. If we neglect that chance, we will forget the ideals that once put us on the road to becoming Members of Parliament.

My contribution comes down to one simple message: in overseas aid, as in other areas, we must not let down the people of Broxtowe, of Britain and overseas who have hesitantly come to believe that the British Government can again be a force for good. For the sake of our country and for the sake of our democracy, we must not let them down.

6.45 pm

Mr. Bowen Wells (Hertford and Stortford): It is my pleasant and traditional task to congratulate the hon. Member for Broxtowe (Dr. Palmer) on his excellent maiden speech. It could not have come in a more appropriate debate. His predecessor, Sir Jim Lester, was an assiduous attender of debates on overseas aid, and supported many initiatives on the subject in the Commonwealth Parliamentary Association and the Foreign Affairs Select Committee, on which he sat for many years. He was a strong supporter of overseas development and the aid budget throughout the times when the hon. Gentleman said that the budget was diminishing. I assure him and his constituents that the budget would have diminished a great deal more if it had not been for Sir Jim Lester's advocacy of it.

I thank the hon. Gentleman very much for the courteous way in which he referred to our former colleague and for the thought-provoking and thoughtful nature of his maiden speech. I am sure that the whole House looks forward to hearing him as often as the huge Labour majority will permit.

I want first to look for the points of consensus in the debate, before addressing one or two areas in which we might diverge from the thoughts put before us by the new Secretary of State. I welcome the review. I know that we Conservatives make fun of the fact that the Government are conducting so many reviews—as far as we can see, we have government by review at the moment—but the review of the aid budget has not come too soon. We must think through what we are trying to achieve and how to achieve it.

[Mr. Bowen Wells]

The objectives that the Secretary of State set before the House are not in dispute. The Conservatives are as keen as the Secretary of State for abject poverty to be relieved. She was right to point out that we have made huge progress and that our objective should be to make further progress more quickly. The elimination of abject poverty is a wonderful objective.

The poverty that we talk about in overseas development debates is not the same as domestic poverty. The Labour party tells us that domestic poverty grew under the influence of 18 years of Conservative government. It is talking about comparative poverty, for which the right hon. Lady's objectives cannot be achieved. We cannot eliminate comparative poverty. In the sense that she is looking for elimination of abject poverty, I am sure that we can agree on how that has to be done.

Elimination of abject poverty has to be done through basic health care—and population control along with it, as my hon. Friend the Member for Croydon, South (Mr. Ottaway) said. I urge on the Secretary of State the necessity of population control alongside the issues of women's health and the health of the child—on which huge progress has also been made, some of it under the influence of the United Nations, particularly UNICEF's immunisation programme in Lebanon during the middle of a great war.

I take issue with the Secretary of State on her response to my question. I believe that some international organisations—many of them UN organisations—can do things which we as a single sovereign nation cannot. One of them—apart from the immunisation programme in Lebanon—is the elimination of smallpox throughout the world, which has been achieved.

I congratulate the Secretary of State on Britain rejoining UNESCO. Her hon. Friend the Under-Secretary of State for International Development, the hon. Member for—I never get this quite right—Carrick, Cumnock and Doon Valley (Mr. Foulkes) and I fought for us to rejoin UNESCO. Did I get his constituency right?

Mr. Foulkes *indicated assent.*

Mr. Wells: Good—that is an achievement.

One of the primary reasons for fighting to rejoin UNESCO was the basic primary education objective, to which I am delighted the Secretary of State wants our initial contribution to be devoted.

I am a little cynical about the Secretary of State being able to get the money. She announced the other day that she has managed to get money from the contingency reserve. That is wonderful, and gives my hon. Friend the Member for Mid-Sussex (Mr. Soames) and me hope that, by fighting the Treasury, she will be able to get more money for the aid budget. I shall make some proposals later about emergency aid and how we fund it.

The issue should cover health, population control, housing, shelter, reliable sources of food, water—and together with that, clean water and sanitation—and at least primary education. That leads to what we must also do: provide employment for those who survive their youth, in order to enable them to help themselves.

The objective of aid must be to enable people in third-world countries to help themselves. This is where I am worried about some of the arguments that have been put before the House. I worry that, in their desire to help, Government Members want, in their rather patronising way, to give the fish but not the fishing rod. I very much hope that I am wrong, because the fishing rod, the capacity to help oneself, leads to a more rapid improvement in health and welfare and to the relief of poverty for which we are all looking than any other method.

We should be giving not cash but investment. Investment in productive, wealth-creating businesses and agriculture will provide jobs and improve the ability to raise the necessary money through taxation to pay for health care, housing and education, which I suggest cannot be supplied on any sustainable basis through any conceivable aid programme that we may put forward.

Barriers to trade or protection, which I see that some of the briefing for this debate still urges should be undertaken by non-governmental organisations—briefing from Oxfam, to be precise—will not enrich countries. Trade itself will enrich countries. I was very pleased to hear Government Members saying that we must enable third-world countries to sell to this country—and Europe particularly.

We must take that up fiercely with Europe; Europe must open its market to imports from the third world to enable the third world to earn its own living instead of being dependent on aid. Aid should enable, not create dependency. Some countries are literally dependent on the regular receipt of aid. That is no way in which finally to eliminate poverty. We must enable people to help themselves.

Aid can work only where there is good, sound government—preferably of a democratic kind. Sadly, we can point to countries that have a form of government that is not democratic but provides the stability and capacity for people to have the confidence to invest in their own future. We must help that. Governments can destroy the developmental process.

Although the British aid budget is of outstanding quality, as my hon. Friend the Member for Mid-Sussex said, it is also very thinly spread. I suggest to the Secretary of State and the Under-Secretary that we must take some hard decisions. We must concentrate our aid and assistance where it can work best, and not necessarily where it is most needed.

Some countries greatly need aid. We heard of the plight of the people in Iraq in the Tigris and Euphrates valleys, but people in Sudan, for example, the Central African Republic and Burma are also desperately poor. We cannot help those people because of the nature of their Governments, who are certainly not democratic. They are tyrannical, and fight wars with each other which result in absolute poverty of the most degrading kind. We would love to help, but, given those conditions, we cannot, and we need to recognise that.

We must say that, sadly, until such Governments are in a position to offer a proper economic framework in which to work in accordance with the world development report—a framework that includes a basic legal framework, effective macro-economic environmental policies, investment in basic social services and infrastructure, a comprehensive safety net for vulnerable

members of society, basic environmental protection, and I would add the absence of corruption—we cannot help them.

I am glad to say that, at last, corruption is beginning to be spoken of in international financial circles by people such as the president of the World bank. The Under-Secretary and I were urging the World bank about eight years ago to make certain that money did not go to corrupt Governments, because it would only be disbursed, get into the wrong hands and go back into Swiss bank accounts.

Mr. Soames: How does my hon. Friend envisage the Secretary of State overcoming the very difficult conundrum of distributing aid in the way that he rightly suggests but at the same time retaining enough from what will be a much more limited aid budget than she aspires to or would like for the many post-conflict resolutions such as in Bosnia, where aid was applied not in the conventional sense as it is in Africa but to provide stability and some form of normality, and to enable peace-keeping operations? How does he see that balance being struck, in an inevitably very limited programme?

Mr. Wells: I shall come to the issue of emergency aid and the kind of aid to which my hon. Friend referred in his excellent and very constructive speech. As he hinted, we must find alternative sources for the know-how fund and the kind of emergency aid that we have been offering, which is of huge value and which we can hardly avoid giving. People are in the most appalling conditions—usually war, or tension between warring parties.

Those areas include Bosnia, Iraq, Burma, the central African republics and Sudan, which is in an appalling condition. We need to provide emergency aid for those people, but the Secretary of State must look for alternative sources of finance. The Gulf states should be invited to contribute, and should work with us in Palestine and all over the world. We should head a group of nations that will fund international operations with efficiency and a humanitarian approach, like that exhibited by our armed services and the ODA in Bosnia.

The additional finance cannot come from the taxpayers' pockets in this country. We cannot raise enough, and we should not sacrifice the important investment that we make in eliminating poverty. I regret the way in which emergency aid has taken a bigger percentage of the bilateral budget in the past few years, because that is a distortion of objectives of the aid budget. On the other hand, I do not want to stop providing emergency aid, so we have to find extra money for it.

My hon. Friend the Member for Mid–Sussex has diverted me from my point, which was that we cannot provide aid alone. We must do it with other Governments, and in partnership with the private sector. In fact, the private sector must provide the majority of the money and investment needed. I am proud that we contribute 1.38 per cent. of gross national product when both private and public funds are taken into account.

I ask the Secretary of State to bear in mind another danger. We must not enter another colonial era and impose on sovereign states our ideas of what they should do. That would be to repeat the mistakes of colonialism.

For example, some years ago the then Prime Minister of Jamaica, Michael Manley, said that he would introduce compulsory primary education during his five years in office. That never happened. The introduction of compulsory primary education would be the most developmentally important improvement for Jamaica, and I would support a proposal that we stopped all other aid to Jamaica, provided the Jamaicans agreed to spend money on primary education.

However, I would not spend the money on school buildings or books—I would spend it on training teachers to teach. In that way, we could make a huge contribution, but it could be done only with the support of the Jamaican Government and people. We could not impose that on them.

I shall run through a few topics quickly, because I know that many right hon. and hon. Members wish to speak. If the Secretary of State could find a way to finance aid and trade provision outside the aid budget, nobody would support her more than I would. Indeed, Neil Martin, the first Overseas Aid Minister in the 1979 Government, told the House that the Government's objective was to eliminate the aid and trade provision.

That is what we should try to do, but we cannot send our companies into competition with other companies pursuing contracts overseas if the other companies have subsidies provided by the European Community, their national Governments or any other organisation. If we did, our companies, and therefore our constituents, would be at a disadvantage. Those overseas contracts are very important, and the hon. Member for Workington (Mr. Campbell-Savours) gave the example of the provision of railway lines. Many other contracts are linked to aid and trade provision.

If the Secretary of State cannot find other ways to finance aid and trade provision on her budget, I hope that it can be done on somebody else's. The aid budget should be left available for our bilateral programme, but the Secretary of State will have to fight tooth and nail to achieve that, and she will have to convince the international bodies that frown on subsidising exports to permit her to subsidise British exports. If she can solve that problem, God bless her.

I am extremely cynical about programme aid. Programme aid is the way in which the World bank, especially, has financed third-world Governments. It has given them blocks of money for a programme that has never been carried out. That money, which should have been invested because it has to be repaid, then adds to the country's debt burden. The money carries a notional interest rate—even if it is International Development Association money—and, if it is World bank money, it sometimes carries a considerable interest rate. Programme aid should be phased out.

I also wish the Secretary of State to examine food aid, and to eliminate that as well. I am not convinced that food aid helps the ordinary agriculturalist to produce food to sustain his family's development or to provide agricultural products for export. Food aid actually undermines that process.

Emergency technical assistance is, as I have said, a large element of the bilateral programme, but it has been wasted in many countries. We send people with technical expertise into Ministries, but they are frustrated in their attempts. For example, we sent a person to Zambia, 35 years ago, to teach the Zambians how to run their customs and excise unit. That person and his successor spent their careers in that job, never training any

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Zambians or improving their customs and excise function. We could use the money in the technical assistance budget much more effectively.

We must pursue transparency in international financial institutions. We must receive a proper report of the votes by our representative in those institutions, and he should appear before a Select Committee to explain what they are doing with our money. The institutions must also adopt a policy of taking responsibility if they invest in projects and objectives that are not achieved. They should write off, against their reserves, the money that they have donated in such cases, like any other bank that makes a failed investment. The reserves are available to do that, and that would assist in the reduction of debt.

We should also save money on aid administration. We do not need all the development groups that exist expensively overseas. As my right hon. Friend the Member for Eddisbury (Mr. Goodlad) said, the Commonwealth Development Corporation and its relationship to the aid budget needs careful examination. The CDC could be used to provide more money for aid objectives by enabling it to take a shareholding and to borrow on the markets to expand its programme. It could thus make a major contribution to private investment in third-world countries.

On the subject of debt, I wish to commend to the House the report by the all-party group on overseas development, "Africa's Multilateral Debt:—A Modest Proposal". In that document we proposed that the debt of those countries should be written off. Much of that debt is owed to the international financial institutions, which refused to write it off. The countries concerned have been using our bilateral aid budget to pay interest and capital back to those institutions. We should have zero further tolerance of that process.

We must pursue the objective of getting the international financial institutions to write off debt in appropriate cases. One appropriate case has already been mentioned—Uganda, which has completed an economic programme in association with the International Monetary Fund, and has behaved impeccably for the past 10 years. Uganda took part in the HIPC—heavily indebted poor countries—initiative, which I understand has failed because Germany, Japan and the United States now oppose the proposals that were agreed at the most recent World bank conference.

I urge a return to that subject, to make certain that the debt is considered as a whole. There is debt to international financial institutions, bilateral debt, which we should continue to write off where appropriate, and private debts—usually, in the case of Africa, trade debts. Those all need to be considered as part of the whole debt. Then manageable debt repayment must be agreed with the countries concerned. If necessary, that must be financed by gold sales through the IMF or in other ways.

As I said at the beginning of my speech, we must concentrate aid where it can work and can benefit the poor. We must make hard-headed decisions that, in certain countries, we cannot help. India is one example, because India can help itself. It is a huge country, and a nuclear power with huge armed forces, yet it takes a lion's share of our bilateral aid programme.

The problems of India are not lack of money but socio-religious problems, which we cannot affect. Therefore, we should say to India, "You must stand on your own. We will assist with private investment, and encourage that in every possible way, but we shall not make you a recipient of our bilateral aid budget. You must find ways to change your community, so that the poorest people in your country can benefit from the increasing riches of India as a whole."

I know that that will affect the aid statistics, because, on a "per head" basis, India is one of the poorest countries. But India can help itself if it wishes to, and it must make the changes itself. Similar remarks could be made about Bangladesh.

In summary, we must make certain that good government is there—economic government, government with the right objectives. We must encourage private sector investment in partnership with the aid programme. Some of the underlying infrastructure benefits, such as clean water, roads, and education and health systems, can be provided by the aid element. Then private investment can go in behind that, and be successful.

Social spending on health, housing and education can grow out of the success of the economies in which we invest, and can then be sustained by the taxes that, as a result of the increased prosperity that our aid budget and our private investment are producing, can be raised in the countries concerned. That is how we can increase employment and enable the people of third-world countries to work their way out of poverty, in partnership with the efforts of this country in both the private and the public sector.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Obviously this is a serious and multi-faceted subject, but Back-Bench speeches are now running at more than 15 minutes each, on average. More hon. Members will be content at the end of the debate if shorter speeches are made, so I appeal to the House to that end.

7.13 pm

Ann Clwyd (Cynon Valley): The House has heard me say many times that the European Parliament had many advantages, one of them being that Members due to speak in a debate knew exactly when they would be called and time was strictly limited. One was lucky to be given more than three minutes in a debate and if anyone overran the allotted times the extra period was taken off the time allowed to other members of the same political group. That is an excellent idea, and I hope that it will be one of the many things that we consider when we talk about reform of this House.

First, I warmly congratulate the Secretary of State for International Development, who has left the Chamber for a moment, and the Under-Secretary of State. I am pleased to see both of them in their posts because I know that they will vigorously defend the aims of development and aid, as the Secretary of State has already spelt out. She especially emphasised the reduction of poverty and the focusing of much of the aid on women. That will be a good investment, because whenever aid is focused on women in the third world, we more than multiply the money that is allocated in the first place.

I echo what has been said about Jim Lester, who was dedicated to the subject of international development and spoke in many such debates with great feeling and commitment. I am sure that my hon. Friend the Member for Broxtowe (Dr. Palmer), his parliamentary successor, will focus on the same issues if his speech today is anything to go by. I congratulate my hon. Friend on an interesting maiden speech.

I am glad to see my right hon. Friend the Secretary of State back in the Chamber. I was just saying how glad I was that she holds that post, because if anyone can promote such policies, especially for the poor and for women, she can. I am sure that she will sweep aside all who try to obstruct her way, and she can be sure that we are all behind her in that respect.

Seven years ago, a Malaysian journalist came to see me. I did not know him; he telephoned me out of the blue to say that he had information that I would find of great interest. Being a former journalist myself, and knowing that if journalists ask to see somebody they usually have a story, especially if they come from as far afield as Malaysia, I arranged to see him.

What that man told me was both fascinating and worrying. He told me about the Pergau dam, and how it was not helping the poor in Malaysia but promoting policies disadvantageous to them, because thousands of people were moved out of the way to make way for it. On the basis of what he told me, I submitted a report to the National Audit Office. The rest is known.

After the NAO investigation it was found that the Government were misusing overseas aid money. The High Court found that the then Foreign Secretary had unlawfully disbursed millions of pounds of public money, in contravention of the Overseas Development and Co-operation Act 1980. I notice that the shadow Secretary of State for International Development thought it convenient to forget about that this afternoon.

The previous Government were not bothered by that humiliating indictment of their aid policies, and they continued to defend the indefensible diversion of taxpayers' money away from the world's poor, whom it is intended to benefit. They did no more than pay lip service to human rights.

I shall focus briefly on Indonesia, because many of us are concerned about Britain's bilateral aid relationship with that country, which has been marked by substantial increases in aid, out of all proportion to Indonesia's relative poverty and the human rights record of the Suharto regime.

In 1995 I published a report on British aid to Indonesia which demonstrated that the previous Government continued to flout their statutory obligations by funding aid projects that were developmentally unsound and positively harmful to the people of Indonesia and, in some cases, to the people of East Timor.

My right hon. Friend the Secretary of State rightly said that she wishes to focus British aid on poverty reduction, and the hon. Member for Hertford and Stortford (Mr. Wells) said that it was important to concentrate our aid and assistance where they are needed. We all agree with that. Two questions arise, however—whether Indonesia's relative poverty justifies its current share of the aid programme, and whether aid provided for specific projects is effective in alleviating poverty and promoting human development.

The World bank categorises Indonesia as a middle-income country, with a 1995 gross national product of $980 per capita—it is projected to be more than $1,000 by the end of the century—but British aid has more than doubled, from £25 million in 1990-91 to £57 million in 1995-96, making it the eighth largest recipient of British aid, receiving more than any other Commonwealth country. Its record of economic growth and its increasing national wealth hide the reality of unequal wealth distribution and many millions of people still living below the poverty line

The British aid programme has done little to alleviate the suffering of Indonesia's poor. According to the United Nations Development Programme, only 6.6 per cent. of British aid to Indonesia, and only 2.9 per cent. of aid from all Indonesia's donors, is spent on human development priority areas.

The projects that I examined in my report, "British Aid to Indonesia—The Continuing Scandal", which went to the National Audit Office and has been considered by the Public Accounts Committee and the Foreign Affairs Select Committee, are evidence of the low priority given to poverty reduction and human development.

One project in particular shows that British aid was misdirected. If we give aid to Indonesia in the future, I hope that it will be properly directed. Britain funded the paramilitary Indonesian national police. In so doing, it breached the guidelines of the Overseas Development Administration on aid to non-military security organisations and to institutions, such as the INP, which fail to respect human rights and to practise good government.

Financial assistance provided by Britain was completely ineffective, as the INP's appalling human rights record has failed to improve in recent years. In any event, human rights were not even addressed by British trainers and advisers. According to the ODA, the developmental benefits of the project were seen

"as the encouragement of the Indonesian police towards community policing in terms of improved human rights".

The NAO noted that the ODA

"specifically excluded references to human rights in the proposed training programme"

and went on to say:

"there is only limited evidence to suggest that the project has been effective in meeting the Administration's objectives of encouraging the Indonesian Police towards community policing".

Incredibly, the project's only achievements appear to have been

"improved reception desk and driving/vehicle licence issuing procedures".

That was the result of our training of the Indonesian police. In other words, the project was a complete and utter failure.

I also detailed to the NAO evidence of the killing of civilians by the Indonesian police and of other atrocities over a number of years. I provided a sworn statement by an East Timorese refugee detailing the severe human rights abuses committed under the command responsibility of an Indonesian police officer trained in Britain under the ODA's training programme.

The ODA's suggestion of the time, that

"there has been a slow but detectable improvement in Indonesia's general human rights record in recent years"

was completely disingenuous and not supported by the facts. As everybody knows, nothing has changed in that country. Recently, the police were prominent in the

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violent suppression of the pro-democracy protests which erupted in Indonesia last year and in the run-up to the elections this year.

Mr. MacShane: My hon. Friend may be aware, because she signed early-day motion 176, "Indonesia and Mukhtar Pakpahan", that Mr. Pakpahan is a most distinguished trade union leader in prison on trumped-up charges and suffering from serious illnesses. The motion was signed by more than 150 hon. Members, but by no Conservative Members so far as I know, and calls for his early release. I hope that my hon. Friend will join me in calling for the Indonesian authorities, if they read this debate, to allow that brave and distinguished trade union leader to go abroad for medical treatment.

Ann Clwyd: I completely agree. I signed the motion and I entirely support my hon. Friend's actions in attempting to get Mr. Pakpahan released for urgent medical treatment. Too many people are languishing in Indonesian prisons who have done nothing more than stand up for their own human rights—rights that every person in Britain would take for granted.

The failure of the police project is not surprising, as the ODA was given little time to influence its design or scope because of the need to approve it quickly. That urgent need arose because of the imminence of arms sales contracts. The NAO notes:

"In September 1985, the British Ambassador in Jakarta considered that failure to provide an offer of aid on the television and radio studios proposals could have an effect on potential defence and commercial sales then being negotiated"

and says that the British embassy in Jakarta

"recommended that a good offer of aid needed to be made quickly as they considered that the disappointment to the Government of Indonesia would be correspondingly great and could affect a number of other interesting pieces of business likely to come to the UK. These included both potential defence and commercial sales."

I endorse what my right hon. Friend the Secretary of State said about aid and trade provision. I cannot understand why the Conservatives continue to claim that there was no link between aid and arms sales, when it was clear from the NAO report that one of the main reasons for pushing through the project at speed and without any proper appraisal or consideration of its development merits was to gain lucrative arms sales for Britain.

My right hon. Friend the Secretary of State is conducting an important review, and she knows that I am not trying to push her. I am simply hoping that in considering aid for Indonesia or any other country with a bad human rights record she will uphold the statements made by many of our Front-Bench colleagues about the Government's emphasis on human rights and an ethical approach to foreign policy.

Human rights should be considered at both country and project level, for all country programmes and all projects. They should be considered at design, appraisal and monitoring stages. If they are not, projects will not promote real development or provide value for money.

I hope that no aid will go to East Timor. The previous Government gave aid for transmigration of Indonesians to East Timor. That programme of forced land resettlement and land deprivation has come to an end only recently. It diluted the population of East Timor so as to influence the result if ever the people there get what the United Nations want them to get—the opportunity for a referendum so that they can make up their own minds about whom they want to govern them. It is disgraceful that this country gave aid for transmigration. These are the very things for which we used to condemn Saddam Hussein—the forced removal of people from one side of the country to another, to an area with which they are not familiar and have no links. That is a disgraceful use of British aid.

Finally, I ask my right hon. Friend the Secretary of State to suspend aid to Indonesia until significant human rights improvements occur, to ensure that human rights play a greater role at every level of project assessment, to look to possible reform of the Overseas Development and Co-operation Act 1980 so as to stop aid and arms links, and to ensure that poverty reduction is the primary aim, in line with her stated aims. I hope that my right hon. Friend will apply all those considerations to all aid and development projects—something that the previous Government said they did but, in reality, never did.

7.30 pm

Mr. Martin Bell (Tatton): I thank you for this opportunity, Mr. Deputy Speaker, and I promise to be brief. I wish to compliment my right hon. Friend the Secretary of State on her speech and her appointment and, reaching across party lines, I also wish to compliment her predecessor. I speak from personal experience at the sharp end of these things, and I know of no one more effective, dedicated or persistent than Lady Chalker in helping the afflicted in zones of conflict. Her record was remarkable and will long be remembered. I recall being stuck in central Bosnia in a convoy with the ODA. I looked behind me and saw a truck which the driver had christened "Baroness Chalker of Wallasey". I know of very few politicians who deserve that kind of compliment.

We now have a new Government, a new Department, a new Secretary of State and, no doubt, a new attitude and a new definition, perhaps, of the national interest. There may be a new relationship—or perhaps no relationship at all—between trade and aid. Does this mean that we throw foreign aid money about like confetti? Of course it does not. We must be clear-eyed as well as compassionate, and we must learn the lessons of the past. If we do not, we shall surely be doomed to repeat them.

I speak in a limited way and from personal experience only. A simple motto of two words commends itself to me: never again. Never again must we push food aid into an active war zone when we and the agencies associated with us do not control the secondary distribution. If we do that, we may well find that we prolong rather than shorten the conflict because we are feeding the front-line troops or, at best, putting food in through the window while the murderer stands at the door.

We should confine aid to what is effective, even if it is limited and unspectacular. Never again must a photo opportunity masquerade as policy. We need something simple, as happened in Sarajevo in the summer of 1995 when ODA engineers succeeded before the war was over in restoring gas to the city through gas lines that ran through active minefields. That was an extraordinary contribution by the ODA.

Let there be conditionality. If a Government deny human rights to their own people and threaten other countries, and if their infrastructure is sustained by foreign

aid while they lavish their resources on arms, we should not be throwing public money at them. But even conditionality has its limits. Aid can reward and aid can punish. Most of all, however, aid is intended to help the innocent victims of conflict.

In my personal experience, I have observed that the British people are out ahead of their Government and have led the way. It was the British people who raised money for refugees, took refugees into their homes and drove convoys of aid through front lines. In one case, a driver took a fire engine through sniper alley to help people on the other side. Those people made a difference, and the new Department will have achieved something if the idealism of the people is matched by the idealism of the Government and of this House.

7.34 pm

Ms Oona King (Bethnal Green and Bow): I am grateful to you, Mr. Deputy Speaker, for giving me the opportunity to make my maiden speech. I am particularly grateful for the forbearance of colleagues who have sat through two months of maiden speeches. I wish to begin by thanking the people of Bethnal Green and Bow for the privilege and honour of electing me to represent them in the House.

I am particularly honoured to follow in the footsteps of my predecessor, the right hon. Peter Shore, who returns to Westminster as Lord Shore of Stepney. Lord Shore represented his constituency for a remarkable 32 years, during which time he greatly distinguished himself and rose to the rank of Minister. He always used his elevated status to benefit his constituents. I therefore wish to extend their heartfelt thanks to Lord and Lady Shore, who are genuinely admired and respected in my constituency.

I also wish to pay tribute to Mildred Gordon, the former Member for Bow and Poplar. She has been a tireless campaigner on local issues, and continues to help me on such issues, most notably the Civilians Remembered campaign. We hope to get an adequate memorial for those civilians in London who suffered and died during the second world war. I hope to emulate the dedication and commitment that both my predecessors brought to the House.

There are four other hon. Members to whom I wish to pay tribute and in whose footsteps I tread—my hon. Friends the Members for Tottenham (Mr. Grant), for Hackney, North and Stoke Newington (Ms Abbott), for Leicester, East (Mr. Vaz) and for Brent, South (Mr. Boateng). These four black Members of Parliament, elected in 1987, have played a critical role in extending the representative nature of our democracy. I am also honoured to be the second black woman to take up a seat in this Chamber.

What gives me most pleasure is representing a truly multicultural constituency. Bethnal Green and Bow is one of the most multicultural constituencies in Britain. It has within it the heart of the east end, an area that has achieved almost mythical status in the minds of British schoolchildren. The east end's rich cultural heritage is unique. Since the 16th century, Tower Hamlets has witnessed a succession of immigrants, from the Huguenots to the Irish, the Jews, the Africans, the Chinese, the Somalis, the West Indians, the Pakistanis and the Bangladeshis. I pay tribute to the Bangladeshi community who, despite suffering some of the worst deprivation in this country, continue to play a constructive and productive role in society, particularly in the business community.

I wish to pay tribute also to the east end's white community. Cockneys are legendary, as are their drive, ambition, courage and wit. I genuinely give thanks that my children will be born in the east end and brought up as east enders. I salute those who continue to bind our cosmopolitan community together with tolerance and respect. For me, racism is not an academic point. My father is black and my mother is Jewish. As a child in Newcastle, my mother was lined up against a wall and stoned because—as her schoolmates put it—she, as a Jew, was responsible for the death of their Lord.

My father has been in exile for 32 years from his country as a result of the racist practices of a racist state. I am "multi-ethnic", although I have also been called names such as yid, nigger, wog, half-caste and mongrel. Those are unparliamentary terms, but I hope that my background can be a bridge between two cultures.

I love the east end because it is Britain's answer to Manhattan's melting pot. It remains a remarkable place, only a stone's throw from Westminster. I might be slightly biased, but it is without doubt the jewel in Britain's urban inner-city crown—do not laugh, we actually have the Crown jewels in the Tower of London. There are also our hidden treasures, such as Spitalfields, which has just had a fantastically successful festival. There are more artists in my constituency per square yard than in any other place in Europe. Every name evokes a response: Victoria park, Columbia flower market, Whitechapel art gallery, Stepney, Bow, Wapping, Mile End, Aldgate. Anonymity is not an attribute with which my constituency is acquainted.

I confess to being hopelessly proud of my constituency. It is where hardship and deprivation gave birth to Britain's greatest social reforms. Let us not forget that William Beveridge and Clement Attlee both lived in the east end and worked at Toynbee hall. Both were surrounded by an east end infant mortality rate of 55 per cent. Their experiences led them to formulate the radical programme of social reform that led to our NHS.

The east end also has a celebrated tradition in the credentials of organised labour. It was where Ben Tillett led the dockers and where the match girls went on strike in 1880 to improve their pay of 30p for a 60-hour week. Those early trade unionists could have only dreamt of the "fairness, not favours" that the new Labour Government offer.

"Fairness, not favours" is the essential characteristic of this debate. Is it fair that in 1997 more than 1 billion people live in absolute poverty, or that the poorest 20 per cent. have seen their share of the global cake reduced to less than 2 per cent? That is truly crumbs scattered from the table. The answer, of course, is that life is not fair. But what if making life fairer also makes life more stable and sustainable? Those are things that big business holds dear to its heart. Educating Government and business to act in that way is the task of the new Department of International Development.

I applaud my right hon. Friend the Secretary of State for putting development at the heart of government. I applaud her also for her fixation, as it has been described by a Conservative Member, on the eradication of poverty. I, too, have a fixation: an image that I can

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never wipe from my mind, of a young man of 20 or 25 lying on a railway station platform in Delhi. His moans were barely audible. When I looked closer, I saw that sores covered his entire body. Looking closer still, I saw that the sores were infested with maggots. I say that not for effect but because I witnessed that man literally being eaten alive. At the time, I felt that I could do nothing other than make the pitiful offer of water, which was a bit like offering a bandage to a terminally ill cancer patient. Eventually, I turned away from that man and got on the train. I have never been able to get that man's face and suffering out of my mind. There are millions of people around the world who are literally and metaphorically being eaten alive by poverty. That is why the Government's White Paper, the first for 22 years on the subject, is so desperately needed and so welcome.

There is no doubt that Britain's international development policy needs a new direction. The Secretary of State signalled a shift this morning by hoisting the British flag at the United Nations Educational, Scientific and Cultural Organisation. Another important shift in our policy is the refocus on tackling abject poverty and the causes of poverty. As the Government have outlined, there is a general acknowledgment that by 2015 we could halve the number of people in poverty if we can find the political will. People sometimes ask: "What do politicians do? What is a politician's job?" It is our job to find and ignite that political will, because, in the meantime, 35,000 children die every day from preventable diseases while we try to do our job.

On children's suffering, I would like to make the obvious point that children become adults. I have always found it curious that an abandoned child can make us weep for the sake of humanity but, once that child becomes an adult, we feel free to dry our tears. It is humanity that is in the balance, not just humanity's children. We must educate ourselves to recognise our global connections. As my right hon. Friend the Secretary of State pointed out, we cannot privatise the problems facing the planet.

The most important factor for the countries of the south is not the aid, or development assistance, that they can receive from us in the north, but the harsh trading terms imposed on them by the north. We do not merely give with one hand and take away with the other; we give with one hand, then knock them over the head, beat them unconscious and rob them with the other. During the decade since the onset of the debt crisis in 1982, the poor countries of the south have exported to the rich countries of the north the equivalent of six times the aid under the Marshall plan, the programme agreed at Bretton Woods to help Europe recover after the second world war. Let us nail the lie once and for all: we are not net contributors to the poorest countries of the world; they are net contributors to us.

We must bring coherence to our strategy for eradicating poverty. That is what the Government set out to do. That means considering, in the round, the problems of globalisation and liberalisation. On that point, I thank Oxfam and the many other excellent non-governmental organisations that have done so much work to point out that globalisation is a double-edged sword. While opportunities open up, competition intensifies. Corporate directors are better able to protect themselves from the consequences of competition than those at the bottom of the pile. Without internationally agreed standards, greater competition is achieved at the expense of unacceptably low labour standards and environmental degradation.

The poorest people in the world still earn what the match girls in my constituency earned in 1880—30p a week. In Nicaragua, I worked with people who earned not much more than that. To lessen their inestimable suffering is the vast and unenviable task that the Government have set themselves. It will require a mammoth effort to educate ourselves, but we know the Government's commitment to education. In 1846, the French historian, Jules Michelet, said:

"What is the first part of politics? Education. And the second part? Education. And the third? Education."

One hundred and fifty years later, that has a reassuringly familiar ring to it.

Let us educate ourselves on the needs of humanity. This Government embrace one-nation politics, but we must go further: one nation, one planet, one future. That is the lesson that we must learn from this debate.

7.48 pm

Mr. Tony Baldry (Banbury): I congratulate the hon. Member for Bethnal Green and Bow (Ms King) on a truly first-class maiden speech. It was pertinent and relevant and everyone who heard it will remember it for a long time. It says much for the thriving abilities of the House of Commons that Members such as her come to us. Among hon. Members' greatest concerns as we go around our constituencies is the feeling that too many people have become disillusioned with contemporary politics. Her presence, and that of many other new Members, can only augur well for the well-being of Westminster as a whole.

The whole House will want to thank the Secretary of State and the business managers for giving us the opportunity to debate international development policies. All too often, we have a debate once a White Paper has been published, not before. I appreciate the Secretary of State's difficulties. I am sure that she arrived in her Department and was confronted with a budget of which—for perfectly good reasons which we all understand—more and more is taken each year for multilateral projects and aid. There is nothing wrong with multilateral aid. There is much that is good about it, but it requires some fairly strong scrutiny and means that the scope for United Kingdom bilateral aid is more limited. One appreciates the tension created by that scope being shrunk.

As the Under-Secretary of State for International Development said yesterday, the first calls on the bilateral aid programme are the dependent territories. We are seeing that clearly in what is having to happen in Montserrat. There cannot be a scintilla of criticism for what the Department of International Development or the West Indian and Atlantic department of the Foreign and Commonwealth Office is doing in Montserrat. I am sure that everyone is doing all that can be done. Some of the comments in the press today were less than fair.

Anyone who has been fortunate enough to visit Montserrat, as I did when I was a Minister, recognises that the logistics of that island are difficult. One has a great understanding of the difficulties that the Government face in this predicament. It must be difficult to decide whether to rebuild Montserrat or to relocate

people. I have no doubt that, in due course, those on the Treasury Bench will explain to the House, having consulted the people and the Government of Montserrat, what they intend to do. One appreciates that countries such as Montserrat, the Turks and Caicos Islands and others take up a substantial part of the bilateral aid budget.

I understand why the Government want to have a look at how international development money is spent, but I am concerned that in the process we may not include the private sector sufficiently. Around the world there is much that United Kingdom industry, technology and science can, and do, offer to the developing world. It was impressive to see the Cairo waste water project undertaken by Thames Water and others, with some help from the Overseas Development Administration. Many such first-class projects around the world have brought water, electricity and power to thousands of millions of people who would not have had them without the contribution of United Kingdom know-how and technology.

As Oxfam says in the briefing paper that it has sent to all Members of Parliament:

"In the modern globalised economy, the economic success of any country depends heavily on trade and on the investment it can attract."

We have to involve the private sector. I noticed that Magnus Linklater, in his article in *The Times* a few days ago, said:

"The future of development depends on investment from the private sector as much as it does on Government aid. The Third World needs British goods, technology, experience, management techniques and long-term assistance. It is more efficient and effective than anything a non-governmental organisation can provide."

I do not want to get hung up on whether we should have the aid and trade provision in its existing form. It is included in forward public spending plans for the next three years. I hope that the Government's White Paper will make clear the role that they see for the United Kingdom private sector in our development projects and ensure that it has a role to play.

As other hon. Members have said, there has been a fundamental review of ODA expenditure. The main report was published as recently as July 1995. It concluded that ATP had a useful purpose and said:

"Given the signs that the Helsinki disciplines are reducing demand, and that the quality of ATP projects since the 1993 reforms is no different from that of bilateral country programmes as a whole, there is little case for winding up the scheme."

I was slightly surprised, therefore, by the Secretary of State's recent comments to the House in oral questions and I hope that she can explain them to the House. She said:

"we are reviewing the aid and trade provision. There is much evidence that it is neither developmentally nor commercially beneficial."

I am not sure what that evidence is or where it comes from. She went on to say:

"I am sure that Conservative Members would not want to featherbed the inefficiency of British companies by a sort of backward-looking tying of minor parts of the aid programme when all the evidence and research undertaken by my Department and the OECD shows that it encourages inefficiency and damages the developmental quality of aid projects."—[*Official Report*, 25 June 1997; Vol. 296, c. 830-31.]

But many, if not all—so far as I know—such projects have been first-class examples of United Kingdom industry and technology. It would help the House if we had some understanding of the way in which the Secretary of State felt that such projects had failed. Certainly no one wishes to featherbed inefficient United Kingdom industry—far from it—but I hope that we can find a mechanism in the development programme for involving the best of British industry and technology.

I understand that the Secretary of State is due to make a speech next week on the aid and trade provision. I hope that the potential of British industry can be widely promulgated. Some superb parts of the United Kingdom industry are apprehensive and feel that it is being signalled that their contribution to the developing world is suspect.

The aid and trade provision is overshadowed by the long debate over Pergau. Pergau was an exceptional circumstance and has proved to be very much a one-off. No other project has attracted that sort of criticism. Many other projects to which the private sector has contributed in recent decades have made a long and enduring contribution in the countries in which the investment was made. It would be a tragedy if we minimalised the contribution that United Kingdom industry, technology and exporters can make, in partnership with the Department of International Development and others, to helping the economies of developing countries. I hope that the Secretary of State and the Government will make it clear that there are ways in which the best of British industry, technology and science can continue to make an enduring contribution to development aid and that they do not intend to squeeze out the private sector or marginalise it. It would be a great pity if that happened.

7.57 pm

Mr. Martyn Jones (Clwyd, South): One of the fears that one has as a Member of Parliament of long standing is that one might have to congratulate an hon. Member on a maiden speech that was not of the quality for which one might have hoped. However, I have no fear in saying that the speech of my hon. Friend the Member for Bethnal Green and Bow (Ms King) was first rate. I am sure that she will make a tremendous contribution to the House.

I also congratulate my right hon. Friend the Member for Birmingham, Ladywood (Clare Short) on her appointment as Secretary of State for International Development and on the running start that she has made. It is fitting that such a dedicated internationalist with regard to social justice and environmentalism should take up the reins of this important new Department.

Social justice and environmental protection go hand in hand. It is precisely that point that must never be forgotten. It is difficult to think of a country in need of our help that has not been a colony of either Britain or one of our European neighbours. That said, we have not only a special knowledge of many developing countries but a special responsibility for them.

This marriage of social justice and environmental protection has brought some excellent initiatives. They include fair trade—trade not aid, as it is known—intermediate technology and, in agriculture, the "farmer first" approach, pioneered by Robert Chambers. Such initiatives tackle poverty by putting control in the hands of the people, not the aid workers. Poverty is not a choice

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or a state of mind, but a harsh reality that sometimes drives people to exhaust the very land on which they depend. If we are to alleviate poverty, social justice must be as much about empowerment as about basic rights. Another important element in the alleviation of poverty is access—access to land, to water and shelter, to proper justice, to dignified working rights and to information. Those points are not separate, but intrinsically linked.

It is heartening to see that my right hon. Friend the Secretary of State concurs with me on the marriage of social justice and environmental protection. In a recent written answer, she said that her priority in the new Department would be the

"elimination of poverty through sustainable development. This goal is impossible to achieve without the early stabilisation of world population."—[*Official Report*, 25 June 1997; Vol. 296, c. 557.]

As chair of the all-party group on population development and reproductive health, I welcome those comments.

I wish to expand on two points involving the critical subject of world population growth: access to information and the empowerment of people, particularly women. We must get one thing straight. When considering global population growth, one does not have to be a genius to see that the major factor associated with large families is poverty. If there was a high probability that a large number of my children could die of disease and I did not have a pension, I would be encouraged to have a large family.

If we are to begin to tackle poverty and disease and to help our brothers and sisters throughout the world to lead fruitful and fulfilling lives, we must provide them with access to appropriate reproductive health care. In many other parts of the world where local resources are just adequate to provide for smaller families, there are women who want to plan their families with fewer children. As before, they need access—they need access to family planning. When 70 per cent. of the 1.3 billion people living in poverty are women, such access is critical.

In both scenarios, access to reproductive health clinics is vital. The world population in 1996 was 5.77 billion. The United Nations medium-term projection is that that figure will grow to 9.4 billion by 2050. If poverty is the track of the railway population train and social justice the brake, the critical lever is the empowerment of women. Without environmental protection, there is nowhere to go once we have stopped the train.

I endorse the concepts of the reproductive and sexual health rights enshrined in the 1994 Cairo programme of action, agreed at the United Nations international conference on population and development, and the 1995 Beijing platform for action agreed at the fourth world conference on women. I call on the Department of International Development, my right hon. Friend the Secretary of State and the Department of Health to ensure that those international principles and standards are reflected in the implementation of reproductive and sexual health policy programmes and services.

A critical element of the international agenda is how we measure success. The key factor which we have to tackle is poverty. Given that the so-called developed world has not entirely tackled poverty, the bald use of gross domestic product is not necessarily a good measure of quality of life. Those countries with a high GDP may not enhance their population's environment. We need to pay more attention to alternative indicators being pioneered by many non-governmental organisations. One such indicator is the index of sustainable economic welfare, which makes adjustments for aspects of people's lives that GDP ignores. However we measure success, we must succeed—not just for the developing world, but for the world as a whole.

8.3 pm

Mr. Andrew Rowe (Faversham and Mid–Kent): Many good things have come out of the east end of London, including a long-running television drama. Although no one would pretend that the House of Commons is likely to command the same audiences as that programme, if the hon. Member for Bethnal Green and Bow (Ms King) continues to speak as she did tonight, the cable television audience for the House of Commons will increase. I congratulate her on her maiden speech.

As many others have done, I should like to welcome the right hon. Member for Birmingham, Ladywood (Clare Short) to her post as Secretary of State for International Development. I also welcome the Under–Secretary to his post. I have known the right hon. Lady for quite a long time and we have worked together on one or two occasions. She was useless in at least one of those roles: she was my pair for a while, but she was so conscientious that she was completely worthless to me. Nevertheless, her conscientiousness will stand the world's poor in good stead.

As has been said, self-interest and altruism combine in this job. We have a duty to other humans. It is nonsense to suggest that it is an exclusively Christian duty, but Christians should certainly share that sense of duty—even if no one else does. I am glad to say that, in many parts of the world, Christians actively fulfil that duty.

The imbalance of resources, about which we have heard so much tonight, leads to instability, war, disease and—something which has hardly been mentioned in the debate and about which I do not know enough to make a specialist contribution—refugees. It is extraordinary that we have heard so little about refugees because the refugee problem is one of the world's greatest problems, and it is rapidly growing. Many refugees have been condemned to appallingly constricted lives and frequently have little opportunity. Even if they are welcomed at first, they rapidly become a burden on their hosts, who become understandably resentful of their presence. I hope that another contributor to the debate will address that serious matter.

We have also heard about pollution. I believe that most anti-pollution campaigns are a luxury for the rich. If someone is rich enough to do something about a polluted river, he is not normally one of the world's poor. We must take on the responsibility; it has taken us long enough to clean the Thames. It is interesting that the great contribution of Chadwick and his colleagues in introducing drains into British cities was almost entirely because the rich suddenly woke up to the fact that one day they, too, might get cholera. Although there was also a humanitarian aspect, that was the driving force that released the floods of money required.

The job involves detail as well as principles. As has been said, the programme must be cost-effective. As I hinted in an earlier intervention, I believe that

volunteers are a major element of that cost-effectiveness. Organisations such as Voluntary Service Overseas reckon that the cost of sending one of their—often highly skilled—volunteers abroad for a year is less than £12,000. That is extraordinarily cost-effective when compared with much of the other aid that is sent abroad. Those volunteers do not stay very long; everyone knows that they are on limited contracts; they do not disrupt the local economy or the local hierarchy. One of the rules of Voluntary Service Overseas is that a volunteer may not go if a local person could do the job equally well. I very much welcome those speakers who have urged the Secretary of State to consider expanding that opportunity.

I hope that the review will be detailed. There are a number of small but telling ways in which the rules of one part of either the Government or the Department militate against the expressed objectives of another. For example, a number of young British people who have qualified as doctors, nurses or schoolteachers decide to work abroad. When they wish to return—perhaps to take a further qualification before returning to contribute to the overseas country—they are charged the full rate as overseas students even though they are British citizens. That cannot make sense. It is nonsense that they should have to pay—they are usually self-funded—the full rate of an overseas student, and I hope that we can look into that.

We have splendid scholarships, such as the Chevening scholarships, for overseas people to come here to learn skills that are of use to their country. Most of those scholarships are not differentiated into bands, with the result that a health worker may have to compete against an engineer or financial expert for a scholarship. It would not be difficult to create priority bands, which would ensure that some people involved in social services got a greater opportunity than they currently enjoy. Many of the countries that send such students are obsessed solely with engineering, financial or computer skills and do not think about the need to improve their health and social services infrastructure.

Earlier, the debate touched on the question of differentiation between countries. We are approaching a point where some of the developing countries are infinitely richer than others, yet all are lumped together for the purposes of many elements of aid. Overseas students who obtain nearly all their money from a donor—whether from the British Council or via the international development budget—are charged exactly the same as self-funding students from Malaysia or some other rich country. That is a small point that needs to be considered.

We should concentrate far more on practical projects. I am sure that the Secretary of State is determined to resist demands for high-tech machinery in countries where there is neither the power to run it nor the staff to maintain it. Many countries are littered with scanning machines and other highly advanced equipment that they have absolutely no way of using. There has usually been connivance between a pushy salesman and someone wanting to ingratiate themselves with whoever wanted the equipment, using aid money to buy a machine that will lie idle when, for the same amount of money, they could have done much better.

We also want to support low-cost projects. In India, I have seen many examples where training children to educate not only their peers but their parents and indeed the whole village in simple hygiene and health care—simple messages—has transformed the lives of villagers. Similarly, women are the key to much development. Drawing again on India, which is the country I know best, I have seen women who have been given basic training and a simple kit transforming the care of everyone in the village. They are trained to diagnose common illnesses and refer them—at once, if necessary—to a health centre; and they can dispense vitamins and simple drugs, carry out injections and keep an eye on child development.

Many of those women develop so fast, it is wonderful to see—their self-confidence increases and I know of one woman who became chairperson of the panchayat or local parish council. The difference such projects make is tangible. As my wife frequently points out to me, when we see riots in foreign countries on television, we see only men, because the women are too busy working. It is worth remembering that women carry the main burden in most places.

The aid world is full of corruption and I urge Ministers to take a serious view of how our aid budget feeds it and what international action can be taken to cut it out. Stopping corruption is terribly important. It takes many forms, such as diversion of aid directly into the wrong pockets and inappropriate projects being chosen because of bribery or because a firm wants a future, bigger contract.

Aid personnel and many consultants are being awarded salaries and fees that are obscenely high in relation to the incomes of those whom they are seeking to help. For example, the United Nations should be far more rigorous in its cost-benefit analysis when deciding whom to send abroad to assist with its programmes. If a year's salary and expenses for one consultant would, for example, pay for 500 village development workers, one has to be jolly sure that employing that consultant will deliver the goods, rather than giving the money to the village development workers. We often do not consider that.

It is important to encourage those British institutions that are seeking to set up training institutions within the countries that need help, instead of expecting their students to come to enormously expensive centres in the west, where practical placements are difficult to find. In some senses, students get inferior training by coming to London, but want to come here because it is prestigious. The cost of their doing so is out of all proportion and there is no reason why developing countries should not sustain training centres.

I have a tenuous connection with a project in Delhi. In a city dominated by the Bharatiya Janata party or BJP—the Hindu fundamentalist Government—efforts are being made to double the project's size, even though the project is not sure that that is desirable. It runs 25 slums in Delhi and the reason why the BJP wants it to expand, even though it is run by a Christian organisation, is that the Christians are not misusing the money. The money is going straight into the work. The medical superintendent of one of the largest ODA projects—an expansion of one of the Delhi hospitals that will nearly double its size—is a man whose simplicity is so amazing that I felt quite humbled when I visited his home.

One of the other elements of corruption can be seen when big western companies deliberately target poor populations to sell abroad what they have been prevented by their domestic Governments from selling at home—for example, tobacco companies. Similarly, companies such

[Mr. Andrew Rowe]

as Nestlé are quite ruthless about promoting powdered baby milk in countries where they know that the chances of getting water fit to mix it up properly are very slight. Mother's milk would be infinitely better for the children. Stopping that sort of thing takes concerted action.

Finally, I emphasise the enormous importance of children's rights. Save the Children Fund lobbied me to say that we might well review our stance on children's rights—at least in relation to aid—against the UN convention on the rights of the child. That is something that we might usefully do and I think that we should. A year ago, in Coventry, I ran a day event that produced, among other things, a manifesto created mainly by young people for young people that set out what they wanted to see put into the election manifestos. One of the things that they said that they wanted was either a Minister for children or a commissioner for children. I hope that the new Department will consider every policy it pursues against the question of whether it enhances or damages the rights and aspirations of children. Children comprise more than half of the population in many of the countries we want most to help and, in the end, they are the future.

I wish the new Department well. I hope that I can be of some help to it and I congratulate the Secretary of State and the Minister on the start that they have made.

8.19 pm

Mr. Harry Cohen (Leyton and Wanstead): As a number of other hon. Members wish to speak, I shall try to truncate my speech. My right hon. Friend the Secretary of State must therefore take as read all the nice comments about her that I was going to make—but I congratulate her on her appointment: she will be an important member of the Cabinet, injecting into it the moral purpose that international development is about. I also congratulate my hon. Friend the Member for Bethnal Green and Bow (Ms King) on the best maiden speech that I have heard in my 14 years in the House. I hope that we shall hear many more such speeches.

As I said, I shall not go into much of the detail that was in my speech. I was going to talk about the need for fair trade, and, indeed, I consider that important. I believe that many countries would rather have more fair trade than more aid, and that we should concentrate on that while trying progressively to remove the protectionism that exists largely in the western world.

Inequality is a problem. One fifth of the world is in dire poverty, with people living on less than $1 a day. The richest fifth has 60 times as much wealth as the poorest, and the gap is increasing. It has doubled since the 1960s. We must tackle that inequality by, at least, increasing the wealth of the poorest in a sustainable way.

Much has been said about debt, and Uganda has been given as an example. Uganda now spends £1 per person on health care and £5.50 on debt repayment. There should be a massive write-off of debt in the poorer nations.

I welcome the new Government's important policy shift towards the eradication of poverty, and away from the last Government's commercial and political links policy, which led to the affair of the Pergau dam. Under that policy, 76p of every £1 of aid was given only if the poor country receiving it used it to buy British, and there was also an unacknowledged but clearly established link with the purchase of arms.

That brings me to my main point. Although my right hon. Friend the Secretary of State made an excellent speech, it contained one omission: my right hon. Friend did not mention the impact of the arms trade on the developing world. There is a connection between that trade and the civil wars that result from it—or even the wars between nations that impoverish people further. Civil wars devastate countries, plunging them and their people deeper into poverty. Britain has prospered by selling arms; jobs in the trade are subsidised to the tune of £12,500 each. We are the world's third largest seller of arms, and four fifths of those arms go to the third world. Every day, the Government pledge about £5 million of taxpayers' money to back arms exports. The whole process is deeply corrupting, counter-productive and murderous.

Recent examples of scandals in this country include the arms to Iraq and Jonathan Aitken affairs. The wars fuelled by the trade cause starvation, the uprooting of people and the flow of refugees; they create world instability. I welcome the Government's moratorium on land mines and their effort to secure a world ban, but I think that much more should be done to curtail the arms trade, in this country and internationally. I know that the Government are working for a European Union code of conduct governing arms sales, and I welcome that, but I urge my right hon. Friend the Secretary of State to use her influence in the Government, across Departments, to reduce the arms trade in the interests of third-world development.

The Booker prize-winning author Ben Okri has said:

"As the millennium draws to a close . . . this is precisely the time to dream the best dream of all: that no peoples will know starvation, that no nation will be oppressed by another, that tyranny will not be able to exist unpunished, that liberty be given a more glorious song."

I ask my right hon. Friend the Secretary of State to sing sweetly for international development.

8.24 pm

Mr. Crispin Blunt (Reigate): It is always a pleasure to follow the hon. Member for Leyton and Wanstead (Mr. Cohen)—or, rather, to hear him speak, as this is the first occasion on which I have been able to follow him—because of the directness of the message that he conveys to the House. I endorse his quotation from Ben Okri: the same hope is felt by hon. Members on both sides of the House.

I echo what my hon. Friends, and Labour Members, have said about the Secretary of State's predecessor, Lady Chalker. I had the privilege of working with her in the Foreign Office for two years—and it really was a privilege. We have heard how effective she was as Minister for Overseas Development, but she was also hugely effective in carrying out her diplomatic responsibility for Africa. That is one of the responsibilities that have been lost following the introduction of a new Department, which I think is a pity.

I hope that the Secretary of State will reflect on, and give credit to, the legacy that she has inherited from the last Government. The Overseas Development Administration was without compare in terms of the effectiveness and efficiency with which it delivered aid programmes around the world. The United Kingdom had a leading position in regard to debt relief, which was one of the key aspects of our attempt to relieve poverty in the

world, and both private and public sectors had a fine and honoured role in the net flow of donations to the developing world.

I believe that our donation of 1.38 per cent. of gross domestic product put us in second place. That was largely a product of the private sector, and of the fact that the UK is one of the largest overseas investors as a result of the openness of our economy and the success of our City institutions, which we must preserve. I hope that they will not be given too much of a hammering in tomorrow's Budget, so that their excellent internationalist approach can continue.

I welcome the review. It is exceptional, in that many policy reviews—for example, the strategic defence review—have been nothing more than a cover for the fact that, when the present Government were in opposition, they chose not to have a policy: organising a review on arriving in government obviated the need to be tied down too specifically.

This review is about the specific objective that the Secretary of State has set herself—to eradicate poverty—but I want to know how aid projects will be implemented in the wake of that policy, and how the ODA's practices will be overturned over the next 18 months in pursuit of the Secretary of State's specific objective. I think that she is in danger of isolating her Department. She said today that her objectives would not be part of the day-to-day political or commercial objectives of the rest of the Government, and I consider that wrong, because it isolates her Department from the levers that can effectively deliver the policy objectives that we all share.

I find it irritating that, when we discuss these matters, the Secretary of State tries to say that the objective is so noble that it is beyond politics and above party political debate. The delivery of aid and the eradication of poverty—the objectives we share—are not above political debate; they are the very stuff of political debate. The controversy between the two sides of the House is based on the philosophical difference that both main parties bring to the attempt to achieve their objectives.

I do not like my motives being impugned. We share the objective of relieving poverty, but we differ in our philosophical approach. The only real difference between us is that the Conservatives' philosophical approach has worked, while the Labour Government were elected only once they had ditched the true elements of their old philosophy.

I am concerned about the Department's isolation, just as I am concerned about the political isolation of the Secretary of State and the Minister. In a sense, her arrival in charge of development policy in the Labour party was her exile from mainstream Labour politics.

In the most recent International Development Question Time, the Under-Secretary of State for International Development praised co-operatives. That was balanced by the right hon. Lady's failure to endorse free trade, and one began to get the feeling that perhaps the Department is the last outpost of old Labour.

It is important that, in delivering the noble objective which you have set yourselves, you do not do it in isolation either from your colleagues in the Government, from other policy areas, or, as you have said, from the international institutions that are so important in delivering these objectives.

Mr. Deputy Speaker (Mr. Michael J. Martin): Order. The hon. Gentleman should not use the word "you". It refers to the Chair.

Mr. Blunt: I apologise, Mr. Deputy Speaker. I hope that you will forgive a new boy in only his second outing in the Chamber.

I think that the Secretary of State has accepted that she cannot implement the policies alone. She has said:

> "The aid programme will always be important to our work, but it is not the only instrument we have, and probably not the most important. Everyone concerned about development must widen their horizon to include trade, debt, agricultural policy and so on."

To see the truth of that, we have only to look at the Marshall plan, which was the greatest development aid programme this century and the 50th anniversary of which is this year. Despite the enormous transfer of money from the United States to the devastated economies of Europe, it has been estimated that it added only 1 per cent. to the net GDP of European countries. In a sense, far more important was the plan's political and economic message about the confidence of the United States and that of others who had money to invest in Europe.

I agree with the hon. Member for Leicester, East (Mr. Vaz), who spoke about a new consensus on the role of Governments. That role and the framework they produce in their countries are central to the eradication of poverty. That framework is crucial to the achievement of sustainable development, as is the rule of law, so that people know that they will be able to invest safely and that their property rights and the economic success of the citizens will not be taken through arbitrary Government actions. The success of Hong Kong is a good example of how the British framework has led to huge economic success.

The greatest threat to our shared objectives is political instability. It is regrettable that the new Department has divorced itself from the Foreign and Commonwealth Office. Political instability—in its worst form, war—will negate all the efforts of international development and hinder the eradication of poverty. The Secretary of State has said that poverty leads to war. It is certain that war leads to poverty.

Mr. Foulkes: I do not want to stop the hon. Gentleman in his tracks, but he is developing his speech on the basis of the Department being isolated. I assure him that we are co-operating extremely closely with the Foreign and Commonwealth Office—for example, recently, on Montserrat. We are also co-operating with other Departments, such as the Department of Trade and Industry and the Ministry of Agriculture, Fisheries and Food. The important matter is that the International Development Department is separate and works coherently within Whitehall with other Departments. Therefore, the entire premise of the hon. Gentleman's speech is totally wrong.

Mr. Blunt: I beg to differ with the hon. Gentleman. The messages sent by the Department since Labour came to office have shown precisely the opposite. There has been no endorsement of free trade or of the importance of world political stability, of the avoidance of war, of diplomacy, or of the armed forces, in sustaining a stable global environment that will enable the Government to deliver their objective of the eradication of poverty.

In examining her Department in the review, I hope that the right hon. Lady and her Under-Secretary of State will sustain the success that the Overseas Development

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Administration has already delivered in programmes around the world. I hope that they will not turn those programmes upside down in the next 18 months by trying to get it to take direct action on the elimination of poverty. I trust that they will look at the whole operational environment, and will examine political, economic and commercial issues in delivering the objectives that we share.

8.34 pm

Ms Christine Russell (City of Chester): I am delighted to be called to make my maiden speech in this important debate. Over the past five hours, we have heard many moving and thought-provoking speeches, none more so than the excellent speech by my hon. Friend the Member for Bethnal Green and Bow (Ms King).

I care passionately about international development, and I know from my postbag that it is dear to the hearts and minds of my constituents. I am sad that my right hon. Friend the Secretary of State is not in the Chamber. If she had been, I would have reminded her of her excellent visit to University college, Chester, some three months ago, when she joined me in bidding farewell to a group of students who were going to work on aid projects, half of them in South America and the other half in Africa.

Chester is a truly international city. We welcome over 6 million visitors a year. I think that the second most photographed clock in the world is the Eastgate clock, which is second only to Big Ben, and which celebrates its centenary this year. Wherever one treads in Chester, one steps on 2,000 years of history. Roman walls encircle the city. It has unique mediaeval rows, splendid black and white Tudor buildings and fine Georgian squares. However, Chester is no fossilised museum piece: it is a living, vibrant city, which cherishes its past but looks forward with confidence to its third millennium.

It is customary in maiden speeches to pay tribute to one's predecessors, but because of the late hour I shall be brief. The first Members of Parliament were elected in 1661, and up to 1886 the city returned two Members. I have looked through the annals in the record office, and noted that the name Grosvenor dominates that period. That is the family name of one of my better-known constituents, the Duke of Westminster. The duke is at present out of action, indisposed, and I should like to send him my best wishes for a speedy recovery.

Until 1 May, the people of Chester had only once returned a non-Conservative Member. He was the legendary Alfred Mond, who was one of the founders of ICI and represented the city as a Liberal Member from 1906 to 1910. Up to the election of my immediate predecessor, Gyles Brandreth, in 1992, the electorate of Chester had placed remarkable trust in their Members of Parliament, because the previous four had all been re-elected for five consecutive terms. However, two calendar months ago, the people of Chester democratically decided to write yet another chapter in the city's long history, by electing their first ever Labour Member, and their first woman Member.

As some hon. Members will know, Gyles Brandreth was a colourful Member of Parliament who tried hard to live down his woolly-jumper image. I am sure that he will be remembered in the history books for the Marriage Act 1994, which permitted couples to tie the knot in weird and wonderful locations, but he will also be remembered in Chester for his personal commitment to developing world issues. He was instrumental in establishing a world development group that encompassed the local branches of Oxfam, the United Nations Children's Fund, the Catholic Fund for Overseas Development, the UN Association, and many other organisations. Unfortunately, as we have heard today, his party in government did not show the same level of commitment to the overseas aid budget. During their tenure of office, the budget fell from 0.51 per cent. of GNP to a miserly 0.27 per cent.

Our new Government have made a superb start by putting international development at the heart of government. Not only here in Britain, but at the Denver summit and at the UN General Assembly special session on the environment and sustainable development, the Prime Minister has spelt out our determination to rescue the global environment for future generations.

I congratulate the Secretary of State and the Under-Secretary of State for International Development on achieving in eight weeks what the previous Government failed to achieve in 18 years—reaffirming our commitment to the UN target of 0.7 per cent. of GNP, refocusing the aid budget on assistance to the poorest people in the poorest countries, rejoining UNESCO, and redoubling Britain's commitment to eliminate global poverty and inequality.

Two years ago, I attended my daughter's graduation ceremony at Sussex university. There I listened to an impassioned plea by Charles Wheeler, the renowned BBC foreign correspondent, for the funding of places for overseas students. Throughout the 1960s and 1970s, Sussex university built a fine reputation for allocating 10 per cent. of its places to overseas students. I believe that more than half of Nelson Mandela's Cabinet were educated at the university, but, by 1994, Sussex, in common with other academic institutions, was struggling financially to support overseas students who were unable to meet the full costs of their tuition fees.

We all recognise, and many hon. Members have said, that improvements to health, education and sanitation are the keys to tackling poverty and its causes in developing countries, but grant aid alone is not enough. Developing countries need trained doctors, nurses, engineers, scientists—and, yes, politicians who are committed to democratic systems of government.

Our new Government have education as their number one priority, and have pledged to improve Britain's standing and influence in the wider world. What better way is there in which to marry those twin goals than again to encourage and support our colleges and universities to open their doors to students from developing countries, particularly those in Africa and the Indian sub-continent? Therefore, I hope that the Secretary of State and the Under-Secretary of State for International Development will take a fresh look at what educational opportunities Britain can offer to students from poorer countries.

On behalf of my constituents—there are many of them—who work tirelessly for the people of the world who live in abject poverty, may I say that we are absolutely delighted by the wind of change that has blown through the corridors of Whitehall in the past eight weeks. We look forward with eager anticipation to the autumn and the first White Paper on international development for 22 years.

8.44 pm

Mr. Howard Flight (Arundel and South Downs): May I, also still a new boy, congratulate the hon. Member for City of Chester (Ms Russell) on a fluent, warm and kind maiden speech. I share her views entirely about British education and about expanding places at our universities. Despite the risk that people may stay here and work, most go back to their countries and make a valuable contribution.

I echo the tribute that has been paid by others to Baroness Chalker, who even Labour Members would agree did the best that she could with the resources available to her. On the subject of resources, one point has been missed, however: the growing contribution from the voluntary sector. I am involved in the same charitable operation in New Delhi to which my hon. Friend the Member for Faversham and Mid–Kent (Mr. Rowe) referred. The fact that there is effectively a tax break for individual charitable contributions has been a tremendous benefit and has increased the flow of individual giving. In many areas, that can provide the best value and the most focused help.

I should like, however, to speak about the other side of the coin. This is a debate about international development policies, not just aid. I agree that it is time for a review of aid policy. Much has happened in the past 15 years, but the private sector is crucial in relation to international development and we need to understand why some emerging economies have been so successful and others less successful, and to understand the interaction of the private sector with the Government sector.

Let us start with the crude flows of money. I think that the total global flows of aid come to about £55 billion. The flows of private capital total about £230 billion per annum: more than four times as many resources flow, one way or another, into developing economies from the private sector. One needs to think about why they flow. Why has China done so particularly well? Why have some countries in South America done so well and what are the lessons to be learnt? China still has a totalitarian and one-state Government, but they have committed themselves to essentially capitalist reforms and to bringing in the rule of law and Anglo-Saxon style market practices—an alien climate for China.

The World bank has recently issued an important report from an analysis of some 133 developing countries. It pointed to some key factors. It said that, unless there is an effective Government, a legal foundation, effective macro-economic policy and adequate investment in infrastructure, in essence, an operative Government, not only will the private sector not go into that country, but aid will not be effective. The report pointed to some of the failures recently in Bangladesh, which has added 500,000 people to its civil service and increased its ministries from 21 to 35, with disastrous results. It has become almost impossible to implement policies. Therefore, whether it is private or state sector, countries need an effective state.

The report also said that, if countries want capital flows, they have to have policies that will attract them. There is no point having exchange controls, excessive taxation on dividends or a wholly dominant nationalised sector. Countries have to have an open market economy. The particular success of China can be related to the harnessing of its diaspora. There are many other countries throughout the world where that can be a key element in success.

I had the privilege to work in India as part of my career and remain closely associated with it. It is Asia's second giant, having 970 million people. It is a country with which Britain will continue to have particularly close relations for historic and cultural reasons. It will be Britain's key emerging economy partner in the next 50 years.

Until 1991, India had a poor record. Its growth was 2 per cent. Few will remember that, in 1948, its export record was better than that of Japan. In fact, its economy was larger than that of Japan. Contrast the two over the period that followed and there is much to be learnt. India put in protection and fell behind technologically. It nationalised much of its productive sector and became corrupt and inefficient. It put up barriers to foreign investment, controlled prices, controlled credit and put in exchange control. Eventually, it came close to becoming a client of Russia.

It was the collapse of Russia that led to the opening up of India in 1991, but previously, in the name of helping the poor, those policies produced growth of some 2 per cent. per annum in comparison to the 9 per cent. per annum that China has achieved for the past 20 years. We know that there was a major change in 1991. I pay particular tribute to India's Finance Minister, who had the bravery to implement those changes.

There is still much to do, but India has become an open market economy. Foreign capital flows have risen, but my appeal is for more. Interestingly, India receives some US$6 billion in aggregate aid. Its free market capital flows are of the order of US$8 billion to US$10 billion, against nearly US$100 billion that goes to China. It is my hope that British businesses, utilities and the many British companies that have been associated with India will take up the challenge that is there. India needs US$250 billion of infrastructure investment in the next decade. It will not be able to finance this from its own resources. It will not be able to finance this from aid projects. It needs to finance it on the international markets, with the help and collaboration of western businesses.

I am often amused when I look at a business like Unilever, which we all associate with being a European business and which is focused on its businesses in continental Europe. Yet Unilever has in India a most successful company. I forecast that, within 20 years, it will become a greater part of the Unilever empire than the whole of Europe put together. My message for British business is that I believe that the time is right for India. There is a massive opportunity over the next 50 years. Let us see the commercial sector do in India what it has done in China, and let Britain play a major role in that.

8.53 pm

Ms Julia Drown (South Swindon): I welcome the opportunity to take part in the debate on international aid and development. Not only do I have a keen interest in development issues, but it is an area about which many of my constituents in South Swindon express their concern. I particularly welcome the work of groups in South Swindon such as the World Development Movement, the Real World Coalition and the Church Social Responsibility Group, to name just a few. Their contribution is very much appreciated. Swindon is twinned with Ocotal in Nicaragua—a relationship that is of great benefit to both communities. I pay tribute to all those groups and initiatives.

[Ms Julia Drown]

We live in a world of growing inequality, both within and between countries. The threats that we all face from environmental degradation and the uncontrolled spread of weapons and new diseases affect the poor far more than they do the rich. The poorest countries in the world are facing greater hurdles than ever before. As economic competition in the rest of the world intensifies, it leaves those at the bottom end increasingly marginalised and isolated. The Labour party recognises that trend and wishes to reverse it, to reverse the increase in the polarities of wealth and to give prominence to development issues. I am proud to be part of the Labour party.

I should like to recommend four priorities for the new International Development Department—reducing the debts of the poorest nations, making enterprise work and not hindering the poor, the quality of aid and the quantity of aid. Other hon. Members have made the main points on reducing the debts of the poorest nations. On the recently agreed heavily indebted poor countries initiative, we need to do all that we can to push the IMF and the World bank to take swift action to simplify and to speed up the proposals, to relieve the strains on the poorest nations. Failure to do so will result in a loss of credibility with Governments. Countries that are implementing their part of the deals should be rewarded with action and not with a move of the goalposts.

My second point covers enterprise and investment flows to developing countries. I argue that foreign investment in developing countries should not always be welcomed. We should encourage enterprise to improve conditions for the poorest people and discourage it when it further disadvantages them. The previous Government encouraged free market enterprise in developing countries, but it often led to adjustment programmes which cut vital, basic services. The adjustment programmes sometimes led to the growth of a middle class and a boom in consumer spending for it, but the poorer classes felt a loss of security in jobs and in basic service provision. The lessons from these countries' experience must be learnt for the future. Enterprise must help and not hinder the poorest people.

We are about to make further problems for the poorest people in the poorest countries. The Organisation for Economic Co-operation and Development—I shall call it the industrialised countries—is currently negotiating a multilateral agreement on investment, which I shall call the investment agreement, to be signed in May 1998. The pressure for developing countries to join the investment agreement, despite being excluded from its negotiations, will be intense.

The investment agreement is aimed at protecting the rights of foreign investors and removing restrictions to the free movement of investment capital around the world. Multinationals would remain free to act in their own interests without obligations to observe any form of minimum standards of public welfare, the environment or fair business practices.

The idea of free markets sounds great. We all like the idea of freedom, but unfettered free markets enable those with power, richer countries, richer companies and richer individuals, to gain for themselves more power and more wealth at the expense of those in the poorer bracket who have less influence. The investment agreement promotes liberalisation as an end in itself instead of giving priority to combating poverty and protecting the environment, workers, consumers, indigenous cultures and vulnerable groups in society. Therefore, negotiations on the investment agreement should stop. The talks should then be restarted with representatives not only of industrialised but of developing countries—so that together we can agree on the rights and, more importantly, the responsibilities of multinationals.

The third matter that I should like to deal with is the quality of aid. Our aid must be focused on the poorest countries and on the poorest people within those countries. In recent years, that approach has been adopted by the Government. In 1995, almost 70 per cent. of bilateral aid was provided to the poorest countries. Further progress, however, is necessary, and I hope that no hon. Member is satisfied with the current percentage. We should aim for at least 80 per cent. if not more of our aid to be provided to the poorest countries.

I look forward to the White Paper on international development. Primary legislation could help to establish appropriate boundaries in the acceptable use of aid funds. Links between aid spending and arms exports have been established and the Pergau dam case demonstrated inappropriate use of aid. My constituents would not support aid being used for such purposes.

I understand the logic of links between aid and other British contracts, as envisaged by the aid and trade provision. Co-operation, by which British companies get work on overseas contracts to help poor countries, sounds fine in principle, but history has shown that such tied aid does not work. Tied aid warps priorities, to the detriment of the poor. Let us therefore free our aid budgets from those ties and transfer the aid and trade provision budget to programmes for the poorest people in the world.

Although some British exporters will object to that proposal, others believe that the interests of British business are served best by promoting fair international competition and not by hidden aid subsidies that distort the economy and waste taxpayers' funds.

I am sure that Labour will focus assistance where it is most needed and where it will reap the most benefit—in those countries that attack poverty and respect the principles of human rights and good government. The impact of our aid projects on the environment and on women and children as well as men should always be considered.

Finally, I should like to deal with the matter of the quantity of aid. Spending plans for the last financial year, under a Conservative Government, included the first cash cut in the aid budget for more than 20 years and show the mess that the previous Government made of the United Kingdom's finances. The poorest in the world suffered because of the Tories' economic mismanagement. The current Government have inherited those plans, which envisage a cut in aid of more than 10 per cent. by 1999-2000. We must change those plans.

Earlier in the debate, I heard Conservative Members trying to sing the praises of their aid record by counting not only public funds but private investment. I have already said that private investment is not always good. I will therefore ask them not to hide under the cloak of inappropriate other figures, because there is a real human cost to aid budget cuts.

I know how important it was to my mother that her children did not go to sleep hungry at night. She succeeded in preventing that, but it saddens her as much as it saddens me that, around the globe, 800,000 mothers cannot do the same. With political will and political action, we can change much in the current situation. We need plans, over two terms of a Labour Government, to achieve the UN aid target of 0.7 per cent. of national income. I am pleased that Labour is committed to increasing aid levels to the poorest countries and to reversing the downward aid trend of the previous Administration.

There is considerable support in my constituency for overseas aid, although some people tell me that charity begins at home. It is true that there are many poverty-related problems in the United Kingdom, and that health and education require more investment. I am confident that, during the term of the Labour Government, we will find more funds for them. However, Britain has international obligations also.

I want Britain to lead the world in co-operation with other countries, and it is in our long-term interest to help poorer countries. If their economic fortunes improve, there will be more markets for our products. If those countries develop with greater foresight in environmental issues, we can safeguard our planet for the enjoyment of all, rather than choking together in the fumes of world wide industrialisation.

In asking for us to plan to hit the UN aid target of 0.7 per cent. of national income, I urge that particular attention be paid to development education in the United Kingdom. Such education is not only needed so that our citizens know what the Government are doing with their money, but it could provide huge joy and opportunities to UK citizens as they learn about development issues domestically and abroad.

I am optimistic about the future of international development under the new Labour Government. I ask my right hon. Friend the Secretary of State for International Development to ensure that our Government, first, help to reduce the debts of the poorest countries; secondly, allow enterprise to work to help the poorest in the world, and stop it where it is working to the detriment of poor people; thirdly, concentrate our aid on the poorest people in the poorest countries, which means stopping tied aid; and, finally, plan now to increase the quantity of aid that we provide—so that, by the second term of a Labour Government, we can proudly hit the UN target of 0.7 per cent. of national income spent on aid.

Mr. Deputy Speaker: Many hon. Members have been in the Chamber throughout the debate. If hon. Members will keep their speeches brief, I may be able to call on another one or two hon. Members to speak.

9.3 pm

Miss Anne McIntosh (Vale of York): This has been an outstanding debate. I congratulate the Secretary of State for International Development on both her speech and her appointment. I congratulate also our shadow Secretary of State, my right hon. Friend the Member for Eddisbury (Mr. Goodlad).

The tradition of British involvement in overseas aid is legendary. I join hon. Members who have paid tribute to Baroness Chalker, whose work in overseas development—especially the extensive policy review that she conducted while in government—is recognised around the world. I also draw the House's attention to the work of Lord Plumb, who as co-chairman of the joint European Union and African, Caribbean and Pacific assembly has a special role to play in overseas development policy.

I should like to put straight the British record under the previous Conservative Government. In cash terms—I do not think that the Secretary of State for International Development would disagree with this inheritance—we are the sixth largest donor in the world. In gross domestic product terms, we are the second largest donor after the Netherlands. At a time when aid budgets are being cut in Italy by 36 per cent. and in Canada by more than 20 per cent., it is important that it is recognised that the Conservative target of halving the numbers of those living in poverty by 2015 has been adopted by the Labour Government. I welcome that.

Britain's bilateral aid programme targets poverty, as the Secretary of State emphasised. Can the Secretary of State confirm today that the White Paper will recommend increasing levels of bilateral aid to achieve that target?

Britain contributes substantially through multilateral aid, and particularly through the European Union. The EU provided 46 per cent. of all official development assistance received by developing countries in 1994, the last year for which figures are available. I welcome the decision to rejoin UNESCO, but the annual cost will be an initial £5 million, rising to £12 million. Will the Secretary of State give an assurance today that UK bilateral assistance will not be reduced to meet those international commitments?

Aid is given to central and eastern Europe and to the former Soviet Union. It is important that we recognise the role within western Europe of our trading partners in Poland, Hungary and the Czech Republic. We must recognise also that those countries are applicants to the European Union. Substantial aid is being provided from two sources. Both technical assistance and market reforms go through the UK know-how fund and the PHARE and TACIS—Technical Aid to the Commonwealth of Independent States—programmes, which are administered by the EU. I am sure that right hon. and hon. Members will appreciate that PHARE stands for Poland and Hungary Assistance for the Restructuring of the Economy.

Substantial economic aid of this nature enables central and eastern European countries to make the difficult transition from centrally planned to market-oriented economies. The aid provides economic stability and increases the standard of living of the countries that receive it. It gives British firms opportunities to find new markets for their goods and services.

The role of the African, Caribbean and Pacific joint assembly with the EU, especially through the Lomé convention—it has been explained already that the convention is due to expire and be renewed in 2000—is promoting the economies of Africa, the Caribbean and the Pacific. I believe that the emphasis must be placed on investment in people and the creation of business. Investment in education and training is the key to the future economic development of the countries that are receiving aid.

[Miss Anne McIntosh]

Does the Secretary of State agree, however, that it is not for us in the developed world to dictate how moneys should be used? Investment decisions must be taken on the basis of mutual agreement. There must be transparency in investment and we must do all that we can to stamp out corruption in every form.

Corporate and international development should be about economic and social development. It should also be about stability, tolerance and conflict avoidance. I believe that the Secretary of State referred to a 40 per cent. contribution by the UK through the EU and 15 per cent. through the World bank. Given the considerable sum donated by the UK through the EU, it should be recognised that the EU, with that UK backing, has a dominant role to play in assisting developing countries.

Mr. David Heath (Somerton and Frome): Will the hon. Lady give way?

Miss McIntosh: I fear not, because of the lateness of the hour. Perhaps I shall be able to allow the hon. Gentleman to intervene on another occasion.

In the White Paper, will the Secretary of State elaborate on Britain's role, with Europe, in assisting developing countries, particularly through the Lomé convention and through PHARE, TACIS and other central and eastern European aid programmes such as the know-how fund, and on how to ensure that those programmes are expanded?

The Secretary of State mentioned the banana question. It is a problem not of straight or curved bananas, but of bananas from the Caribbean or from Europe. As well as talking about pesticides, I hope that the Secretary of State will address the burning issue of the preference of European and British housewives for smaller rather than larger bananas. Perhaps we can explore how to solve that problem in the future.

Much has been said in the debate about more trade and less aid. I hope that the Secretary of State recognises that trade brings in three times as much for developing countries as official aid and is a vital engine for economic development and growth. I hope that she will also undertake to eradicate corruption in the implementation of aid policy at every level.

Britain's international development policy must consist of a balance of measures to promote the best interests of developing nations. We must continue our role in multilateral aid, but not at the expense of bilateral aid. I hope, too, that Britain's international development policy will be grounded in economic reality, firmly recognising the benefits of free trade and the opportunities for Britain's private enterprise in helping to regenerate the third world in the context of a truly free market in the provision of goods and services in developing countries.

The Secretary of State has a wonderful opportunity in the White Paper to elaborate on our role in achieving those aims through the European Union. I hope that she will take that opportunity.

9.11 pm

Mr. Brian Sedgemore (Hackney, South and Shoreditch): I join all the previous speakers in welcoming the Secretary of State and her Minister to their new posts. They have a mammoth task, but I have no doubt that they will succeed. They have our warmest wishes.

Tomorrow the Chancellor presents his Budget. I hope that, just this once, he will forget that he is the puritanical son of a manse and announce an increase in the aid budget. That would be true to new Labour and, perhaps even more importantly, true to the memory of the late John Smith, who was very much old Labour, but whose credentials on overseas aid were second to none. He determined that within a five-year Parliament the United Nations target would be met. I hope that we shall reach that target of increasing aid from 0.27 per cent. of gross domestic product to 0.7 per cent. within five years.

I should like a greater proportion of the United Kingdom aid budget to be devoted to women's reproductive health issues, the importance of which in reducing poverty in less developed countries can hardly be overstated. I understand that the Department of International Development would like to devote 4 per cent. of the aid budget to reproductive health services. Only 3 per cent. of the budget is currently spent on that—about £70 million a year. Over five years, we should be aiming for 4 per cent. of 0.7 per cent. of GDP devoted to reproductive health services rather than the present 3 per cent. of 0.27 per cent. of GDP. If the Department adhered to that, and if the Chancellor adhered to John Smith's dreams, the amount per annum going to women's reproductive health services would rise over five years from £70 million to £200 million.

More resources should be devoted to adolescents in less developed countries. Resources and projects need to be concentrated on understanding adolescent sexuality. After all, 20 per cent. of the world's population are aged between 10 and 19. In 1995, of the world's 1.6 billion adolescents, 913 million came from the less developed countries. In those countries, some 45 per cent. of the population are under 25 years old. We need to be sensitive to their needs. Adolescents want information, education and services. I am pleased that that is an area in which the international charity, Population Concern, does considerable work of a very high quality in some of the less developed countries, with the aid of the Department of International Development. Nevertheless, both it and other non-governmental organisations could do more.

The current problem with overseas projects that target adolescents can be summed up in one word: sustainability. The current theory of the Department is that, once those projects have been running for three years, they must be able to sustain themselves—that is to say, finance themselves. This theory, which I will call the Adam Smith-von Hayek-Thatcherite theory, is in itself unsustainable.

Many such projects will never be able to finance themselves after three years. Adolescents the world over do not think or act as the Department would have us believe. Adolescents in less developed countries quite simply do not have personal budgets for reproductive health services. Indeed, I very much doubt that adolescents in this country have personal budgets for reproductive health services. I invite the Department to get real and come down to earth. We have to start talking about subsidies rather than sustainability in this area.

When seeking to help adolescents, the Department will have to confront more directly the issue of abortion, which has had some publicity recently. What Marie Stopes offers adolescents in the United Kingdom today—quick, safe abortions in a comfortable environment—the Department ought to encourage others to offer adolescents in less developed countries tomorrow. In such countries, women have a right to abortions without pain, without shame, without guilt and without unnecessary psychological stress.

Baroness Chalker—I pay tribute to her, as have many Conservative Members—is to be congratulated on taking on the Vatican on abortion at a number of international conferences, but truth to tell, perhaps for very understandable reasons, she did skirt around the issue. I agree with her that abortion is not a method of contraception, but that phrase can be used as a cop-out for Governments.

On the issue of sexual and reproductive health rights, the notion of rights is not much used by the new Labour puritans, who talk instead of duties and responsibilities. In my view, however, the Department of International Development should be thinking in terms of the concept of sexual and reproductive rights and putting them at the centre of its White Paper. As one of my hon. Friends said, the International Planned Parent Federation is to be congratulated on drawing up a charter of rights in this area.

I should like to mention just two rights which I believe are extremely important. First, there is the right to liberty and security of the person, which recognises that all people must be free to enjoy and control their sexual and reproductive lives and that no person should be subject to forced pregnancy, sterilisation or abortion. The second is the right to privacy, meaning that all sexual and reproductive health care services should be confidential and that all women should have the right to autonomous reproductive choices.

The hon. Member for Hertford and Stortford (Mr. Wells) kept talking about population control, and I kept freaking out every time he did so. We should be talking about population concern and giving people choices after they have received information, education and the provision of the services that they need. Then they can make their own choices about their fertility in an adult way.

At the Commonwealth Institute on 27 June, my right hon. Friend the Secretary of State observed presciently that

"women are the transformers of poverty".

Yet 70 per cent. of the 1.3 billion people living in poverty on the planet are female. It is a tragedy for them as well as a huge drag on the progress of mankind and the progress of womankind. I wish my right hon. Friend well in her mission to empower women so that they can revolutionise the world. That, I am sure, will be the most important revolution that we are likely to see in the next century.

9.19 pm

Barbara Follett (Stevenage): Development and development issues have played a central role in my life and in the lives of many of my constituents. I am therefore delighted that the Secretary of State is taking those issues so seriously. I especially welcome her remarks on the role of women in development. Her commitment to the education of women and girls in developing countries will be a key factor in the fight against poverty. Women are pivotal in that fight because they are mainly responsible for the rearing and nurturing of future generations. Their education—or lack of it—is crucial to their children's mental and physical well-being.

Numerous studies have shown that a mother's education has a positive effect not only on her children's schooling but on their health. The studies also show that educated women tend to have fewer children than uneducated women. The beneficial effects of educating women are proven, which makes even more alarming the fact that 600 million of the world's 900 million illiterate adults are female. The problem is not confined to adults. Nearly two thirds of the 143 million children who are currently unable to attend primary school in the developing world are female. Unless we do something about educating them soon, we shall not reduce poverty—let alone eradicate it—for generations to come.

Education is only one weapon among many, but it is one of the most important. Without it, no amount of aid or trade can make a lasting difference. That fact was forcefully brought home to me 25 years ago in South Africa. I was working in a hospital in one of the barren and deserted homelands to which the old and very young women were exiled. I was a wet-behind-the-ears health worker, employed by a large charity dedicated to combating malnutrition. A woman in her late 60s came to see me because, she said, the milk that the charity had provided had killed her grandson. She took me to see his body. Her grief was terrible and dignified. It took me a while to piece together her story, but it came down to the fact that she could not read the instructions on the packet of milk and had unwittingly and lovingly starved him to death. I have never forgotten that little boy's death, although it was one among thousands and one among the hundreds that I personally witnessed in those years in South Africa.

At that time, the infant mortality rate for black children in rural areas was more than 50 per cent. In other words, half of the children born died before their first birthday. That was at a time when the South African Government were throwing millions of gallons of milk into the sea at Table bay every day to keep the price up. Half a pint of that milk each every day would have saved most of those children's lives.

That elderly, illiterate woman taught me a lesson, and I learned much more in the next few years about the appalling cluster of social, economic and political problems that caused the deaths of those thousands of children. I learned that young mothers breastfed for only a few weeks because they had to go back to the towns where the work was. I learned how difficult it was for the babies' grandmothers to find the money to buy feeding bottles. I learned how incredibly difficult it was for them to pay for the formula and how they watered it down to make it last longer. I learned about their back-breaking work scouring the countryside for wood to warm the water and, finally, how impossible it was to find clean water. If the women found water, it often needed boiling and without the wood to do so it was impossible to produce clean formula. That is how the infant mortality rate came to be more than 50 per cent.

[Barbara Follett]

The lives of those elderly women were appalling, but their courage was heroic. The iniquitous system of apartheid, which was at the root of those women's problems, has now been swept away, but the problems that apartheid created remain in Africa—and there are similar problems in the rest of the world. It is estimated that in rural Africa children and women spend up to 40 billion hours each year fetching and carrying water, and another few billion hours fetching and carrying fuel. It is not surprising that millions of children die each year from water-related diseases.

For those reasons I—and the people of Stevenage, which is twinned with a town called Kadoma in Zimbabwe—welcome the £120 million that the British Government have set aside for basic health services, primary education and the provision of clean water in sub-Saharan Africa.

I know that my right hon. Friend the Secretary of State will ensure that women and children are at the heart of Britain's development strategy. Our international development programme will be greatly strengthened by her presence. She is a woman who does what she says, whereas I am afraid that, despite the assurances of Opposition Members, for the past 18 years Britain's development programme has been mainly a matter of talking rather then doing. Deeds, not words, are needed now, and I know that my right hon. Friend will not let us down.

9.25 pm

Mr. Vernon Coaker (Gedling): I shall make a very short contribution to an interesting debate, from which I am sure we have all learnt a lot. I could repeat many of the points that have been made—for instance, about the need for women and children to be at the centre of our development policies, and about the need for debt rescheduling and control of the arms trade.

There is one particular item to which I want to draw attention, however, because it must form an important part of the White Paper. That is the need for development education in our schools. It is an especially important subject, and if schools were to take it on board and if they were supported in so doing, it would help us to develop the sort of anti-racist attitudes and proactive approach to development that we want to see and would also help us to deal with many of the issues that face us.

Some development education takes place in schools already. As we know, however, schools are under great pressure and development education is one of the subjects that it is difficult for teachers to persuade pupils to take as seriously as they may take other subjects. Listening to the debate, we realise that the subject is one of the most important that children could learn about. Yet often, faced with competition from lessons such as mathematics, English, French and science, such important issues, discussions and aspects of education are squeezed out.

I urge the Minister to put development education into the White Paper as a priority. Schools should not simply be left to float in that respect, but should be supported in the delivery of the subject, because it will help us to encourage the sort of attitudes that we want to see in the young people of the future.

9.27 pm

Mr. David Faber (Westbury): As I am about to make a maiden speech of my own, of sorts, I add my warm congratulations to the three hon. Members who have made their maiden speeches today. The hon. Member for Broxtowe (Dr. Palmer) spoke warmly about Jim Lester—and rightly so, for Jim campaigned tirelessly in the House both on the aid budget and on many other issues. The hon. Gentleman spoke thoughtfully and with great poise, and I am sure that we shall hear a lot more of him in the months and years to come.

I echo the congratulations already offered to the hon. Member for Bethnal Green and Bow (Ms King). She spoke passionately, she held the House, and at the same time she amused us all. Again, I am sure that we shall hear a lot more from her. Finally, I congratulate the hon. Member for City of Chester (Ms Russell). Gyles Brandreth, who is one of my closest friends, was one of my best friends in the House, so I am grateful for the warm words that the hon. Lady spoke about him. Her style, I am sure she will forgive me for saying, is somewhat different from his. He managed in the end to do away with the image of the woolly sweaters, but anyone who heard his speech seconding the Gracious Address last year would know that he is a hard act to follow. We look forward to hearing more from all three hon. Members in due course.

I echo the warm and fitting tributes paid by several hon. Members to my noble Friend Baroness Chalker, and especially that of the hon. Member for Tatton (Mr. Bell), who had first-hand experience of seeing her at work in the field. For 11 years, Lynda Chalker was Minister for Overseas Development; she worked tirelessly to alleviate poverty and promote good government throughout the world, and I was privileged to work as her parliamentary private secretary for more than a year and to witness at first hand the respect that she inspired in officials, charity workers and Ministers from other countries.

I hope that the Government will continue to support the clear principles that my noble Friend established in office: more trade, better government and less debt. I know that my right hon. Friend the Member for Eddisbury (Mr. Goodlad) would strongly endorse my views.

I have sat through most debates on overseas aid during the five years that I have spent in the House, and tonight's debate has been no exception to the rule: it has been truly excellent, and has shown that on this issue there can be clear areas of agreement between the Government and the Opposition.

I am only sorry that once or twice Labour Members have shown a trace of the arrogance that we have come to expect from new Labour from time to time. All too readily, they have attacked the previous Government's record in the most party political way possible, yet whenever Opposition Members have tried to raise issues of genuine disagreement they have been accused of party politicking. The subject should be above party politics and I hope that we can ensure that that happens in future debates.

I warmly congratulate the Secretary of State and the Minister on their appointments. Our loss on the third floor in Millbank is undoubtedly the new Department's gain. Others have spoken of the passion that the Secretary of State brings to the job; from my time with Lady Chalker,

I understand her description of her task as a noble one, and I am sure that the right hon. Lady will see it through with dedication.

I hope that the right hon. Lady will listen to hon. Members of all parties. In a written answer to a parliamentary question she said that, in today's debate, hon. Members would

"have an opportunity to feed their thoughts and ideas into the Paper."—[*Official Report*, 24 June 1997; Vol. 296, c. *464*.]

I hope that, on reflection, she will reconsider her expression of irritation at a perfectly valid intervention by my hon. Friend the Member for Reigate (Mr. Blunt), albeit one with which she disagreed. I hope that there is room for all hon. Members to express a view.

Clare Short: I am open to any views and I respect people who disagree with me, but it was clear from his intervention that the hon. Member for Reigate (Mr. Blunt) had not listened to my speech, and that was irritating. He was telling me that I had not said things that were clearly there and on the record.

Mr. Faber: I thank the Secretary of State. We will leave the matter there.

In a typically informed speech, my hon. Friend the Member for Hertford and Stortford (Mr. Wells) made a passionate defence of free trade; it is the surest way to help the poorest countries to develop and prosper. Trade brings in three times more money than aid alone and it is therefore essential that the United Kingdom continues to play a leading role in international efforts to bring down trade barriers.

There is no doubt that, in recent decades, tariffs have decreased and trade has increased accordingly, bringing prosperity to many developing countries; but other forms of protectionism have increased, even in supposed free trade zones such as the European Union and the North American Free Trade Agreement area. If we are genuinely to help less well-off countries to develop, we must continue vigorously to resist protectionist moves by other Governments to shield their national industries from foreign competition. I hope that the Minister will confirm that it is the Government's intention to achieve free trade by 2020.

There is a moral argument for being involved in the international development effort, but it also serves our own interests. The quality of that aid is as important as the quantity. Aid given to the wrong regimes can simply be a way of transferring money from poor people in rich countries to rich people in poor countries. It should therefore be focused on countries with a genuine commitment to democracy and to market economics; indeed, the two are closely linked.

The prospects for economic reform and for development more generally will always be poor if Governments do not meet basic standards of popular consent, accountability and competence. I hope that the Minister will confirm that we need to create an enabling climate that promotes a partnership between the Governments of the donor countries and those of the developing countries that they are seeking to help.

The importance of the voluntary sector has been stressed this evening. Non-governmental organisations can often deliver aid more effectively, efficiently and imaginatively than Government institutions. They give the taxpayer good value for money and are less likely to use the resources given to them for other purposes. We have heard tributes to many such organisations today, and I should like to mention one to which the Under-Secretary drew attention last week—the Grameen bank in Bangladesh, which specialises in providing small loans to women. As he pointed out last week, the loans are, by and large, repaid. The work of the bank, and other similar organisations, is invaluable. I know a great deal about it from the strong support given to such organisations by local aid groups in my constituency.

Many of the people who run such organisations are volunteers and have a high level of commitment and excellent local knowledge, as my hon. Friend the Member for Faversham and Mid-Kent (Mr. Rowe) described. I hope that the Government will give them the help and support they deserve.

We have heard a lot from Labour Members about the record of the previous Government on overseas aid. Let us be clear—I believe that we have a record of which we can be rightly and justifiably proud. Britain gives generously to support overseas development. In 1996–97, we were the sixth largest donor in the world, with an overseas aid budget of £2.2 billion. The United Kingdom spent 0.27 per cent. of its gross domestic product on Government aid, above the average of 0.25 per cent. for aid-giving countries. When that is added to private sector money, the United Kingdom's record is even more impressive—1.38 per cent. of gross national product. We spend more as a percentage of GDP on private and public development aid than any country bar the Netherlands. What is more, the quality of aid is universally reckoned to be high, as has been recognised by Organisation for Economic Co-operation and Development reports.

Labour Members have made much of their party's commitment to meeting the target set by the UN that developed countries should spend 0.7 per cent. of GDP on overseas aid. Can the Under-Secretary tell us the timetable that the Government have set for that? In a debate last year in which I took part, Labour motion's pledged to make "steady and sustainable progress" towards that target, but as my hon. Friend the Member for Wycombe (Sir R. Whitney) said, that commitment seems to have vanished. As recently as 1992, Labour's election manifesto pledged to achieve the target within five years. Why are the Government now refusing to set a timetable?

It has been argued by one or two hon. Members that debt owed by third-world countries should be written off. We believe such a policy to be misguided. It would not encourage those countries to adopt sensible or sustainable economic policies or convince them of the need to push through market reforms. It would send the wrong message to a number of countries with abysmal human rights records, and could cost the taxpayer millions of pounds. It is for those reasons that we do not support the Jubilee 2000 initiative—well intentioned though it is.

The solution to the problem of third-world debt is twofold. First, we need international action to help countries service and reduce their debt. In office, we cancelled £1 billion of debt owed by the poorest countries. That was the single biggest contribution to resolving the debt crisis. In December last year,

[Mr. Faber]

Britain pledged up to £250 million to help some of Africa's poorest and most indebted countries. My right hon. Friend the Member for Huntingdon (Mr. Major) put this issue at the top of the international agenda when he set out the Trinidad terms in 1990—as the Secretary of State generously acknowledged.

Secondly, we need action by the countries themselves to ensure that they live within their means. That is why we have devoted great energy to improving the quality of public spending programmes in poor countries. Over time, that will raise the quality of services provided by those countries to poorer people.

My hon. Friend the Member for Arundel and South Downs (Mr. Flight) spoke of the need for fiscal rectitude—low taxation, low inflation and tightly controlled Government spending—to create the right conditions for economic growth. These are the policies that the IMF has done much to promote and, as my right hon. Friend the Member for Eddisbury said, the Secretary of State has been quick to attack. The policies have brought prosperity to the developed world and will bring prosperity to the developing world.

The Government have made much of their review of the Department of International Development, but it is difficult to see what will be reviewed, given the fact that—as we have heard from several hon. Members this evening—such a review was carried out three years ago. Where will the review of defence spending leave our emergency aid operations? Britain's armed forces have contributed to disaster relief operations around the world. They have saved thousands of lives. I can do no better than to add nothing to the excellent speech of my hon. Friend the Member for Mid-Sussex (Mr. Soames). As he reminded us, at this very moment HMS Liverpool is helping to deal with the problems in Montserrat.

Yesterday, I asked the Minister whether he would give a commitment that the Government will maintain the West Indies guard ship after the defence review. Can he at least pledge today to make forceful representations on that to the Secretary of State for Defence and the Chancellor of the Exchequer? My hon. Friend the Member for Banbury (Mr. Baldry), who speaks with great knowledge and experience of the matter, described the aid that we have given in the past. I hope that the aid that the previous Government gave to Montserrat will be adequately recognised, as we recognise the aid that the present Government are giving. We will continue to support the Government in bringing relief to that stricken island.

We have heard a good deal about the Government rejoining UNESCO, at a cost of £5 million this year, rising to some £12 million or £15 million in three years. The previous Government left UNESCO because it was becoming increasingly politicised and its spending was spiralling out of control. I accept that there have been improvements since then, but I echo the concerns of my hon. Friend the Member for Vale of York (Miss McIntosh). UNESCO's finances are still in disarray; it overspends by $80 million a year. What guarantees have the Government asked for and received from UNESCO that the extra money provided by British taxpayers will be spent on worthwhile projects rather than administrative costs?

In the past few weeks, we have heard quite a bit from Labour about its new moral foreign policy. The hon. Member for Islington, North (Mr. Corbyn) described human rights as a central plank of Government policy. It is not the first time we have heard moral mission statements from Labour Members, or from the Secretary of State. To give her credit, she has always taken a consistent moral line, although some of us have not always agreed with it. However, the Foreign Secretary's mission statement sits a little uneasily with some of her past causes. She has in the past espoused the cause of North Korea and given her support to communist Cuba. I believe that she has even signed an early-day motion calling for the complete rehabilitation of Leon Trotsky. That would be a difficult task, even for the NHS under new Labour. She is in good company.

Clare Short: I am astonished at the hon. Gentleman. There are many things that are true about which he might attack me, but not those that he mentioned, although I accept that we should get developments in Cuba. I have never been a Trotskyist.

Mr. Faber: I will send the right hon. Lady a copy of the early-day motion. She is in good company because, on the great moral issue of the past 40 years—standing up to communism in eastern Europe, the cause of so much desperate deprivation in our continent—Labour Members have been wrong all too often. I hope that the Minister will be able to explain exactly how the Government's new approach will affect our relations with other countries.

Will countries with poor human rights records be blacklisted? How would such a list be decided? Which countries does the Minister have in mind? Will British companies and aid organisations be banned from those countries? How precisely do the Government intend to define the human rights violations that would lead to trade sanctions, and perhaps more important, to withdrawal of aid?

We have made it clear that, when the Government act in the national interest, we will support them. I believe that British overseas aid has been efficiently managed over the years. Our aid operation is widely respected around the world, not least because of the efforts of my noble Friend Baroness Chalker in her 11 years as the Minister responsible for such matters. I hope that the Government continue to pursue the policies that we put in place, and support projects that promote sound political and economic policies, provide improved health and family planning services and encourage sustainable economic development. If they do, I assure them that they will have our continued support.

9.43 pm

The Parliamentary Under-Secretary of State for International Development (Mr. George Foulkes): This has been an excellent and well-informed debate. It is unique because it is the first full-day debate on international development in Government time in living memory. I sincerely congratulate my hon. Friend the Member for Broxtowe (Dr. Palmer) on his witty, thoughtful speech and on his generous tribute to Sir James Lester, with which I concur. I congratulate my hon. Friend

the Member for Bethnal Green and Bow (Ms King) on her eloquent and well-informed contribution, and on already having become honorary secretary of the all-party group on international development. Lastly, I congratulate my hon. Friend the Member for City of Chester (Ms Russell) on her warm and constructive speech. Taken together, the three speeches are testimony to the quality of the new talent on the Government Benches.

The debate has illustrated well the real concern of the House about international development, which it has often not been able to express. As my right hon. Friend the Secretary of State said, the debate has provided hon. Members with a unique opportunity to contribute to the White Paper at this early stage. Normally, as I can tell my new hon. Friends, debates such as this follow the publication of a White Paper, as the hon. Member for Banbury (Mr. Baldry) rightly said. We felt it not only right but essential, when we were asking academics, non-governmental organisations, ambassadors and high commissioners to contribute their thoughts, to give hon. Members the opportunity to contribute.

Some Tory Members, especially those who spoke from the Front Bench, seemed to think that there was something wrong with having a review. I must say it was nice to get the support of the hon. Members for Hertford and Stortford (Mr. Wells) and for Faversham and Mid–Kent (Mr. Rowe), who perhaps know a little more about the subject. The fact that they supported the review shows that the Opposition are already divided—something that we shall of course do our best to encourage. Surely a White Paper is essential for a new Government coming into office after 18 years, to chart the direction in which we are moving. I thank all hon. Members who have taken part in the debate. If those who have not been able to participate, for whatever reason, submit their views in writing, all of them will be taken into account when we draft the White Paper, which we expect to publish in the autumn.

Meanwhile, I shall respond to some of the more immediate and urgent points raised in the debate and draw some of the threads together. Several hon. Members raised the debt problem. That is understandable. The hon. Member for Richmond Park (Dr. Tonge) rightly said that debt reduced the opportunities for developing countries. It cripples many developing countries, especially in Africa. My hon. Friend the Member for Tottenham (Mr. Grant), in a constructive and eloquent speech, called for Her Majesty's Government to take a lead.

We accept that the debt burden borne by developing countries is a matter of concern not just in the House but among the public. That is why my right hon. Friends the Prime Minister, the Chancellor of the Exchequer and the Secretary of State for International Development have been pressing the international community to provide further debt relief. We welcome the support that the G7 leaders gave to the initiative at the Denver summit. We have also called on the International Monetary Fund, the World bank and the Paris Club to play their part. We shall take every opportunity to argue our case at the meetings of those organisations.

I can tell the hon. Member for Westbury (Mr. Faber) that we do not believe that we should grant debt relief without a commitment by debtors to create the right environment for sustainable economic growth. If relief is not to be wasted, our aim must be to ensure that it encourages economic development and leads to lasting poverty reduction. As several hon. Members have said, poverty can be the cause of conflict rather than the effect of it.

Mr. Faber: Just to put the record straight, I did not suggest that Front-Bench Members had said that all debt relief should automatically be cancelled. I merely said that one or two hon. Members mentioned it in the course of their speech.

Mr. Foulkes: I am grateful to the hon. Gentleman.

Several hon. Members mentioned the role of the World bank. We welcome the way in which its image has improved, especially in the past year. The Government welcome the bank's intention to do more to develop poverty-targeted lending. We are encouraging it to improve its poverty assessment as a key instrument in identifying poverty. Like the hon. Member for Hertford and Stortford, we welcome Mr. James Wolfensohn's personal commitment not only to reduce poverty but to combat corruption, which reduces economic growth and deters investment. We await with interest the bank's action plan of measures to ensure that its own operations are free of corruption.

The hon. Member for Banbury and others raised the subject of aid and trade provision. There are different views about the achievements of ATP over the years, but I am clear that the aid programme should not be about the promotion of commercial objectives. Under the departmental spending review we shall therefore be looking closely at the subject of ATP, at our policies on tying and on how we can establish a better partnership with the private sector.

My hon. Friend the Member for Tottenham raised the issue of the tying of aid programmes. Conservative Members picked on something that my right hon. Friend the Secretary of State said in New York which was not properly reported. We believe that tied aid programmes can impose additional costs on recipients and donors by restricting competition and choice. I am sure that untying is in all our long-term interests. I support the efforts of the OECD in this area; we feel that the time is right to make progress towards multilateral untying. My right hon. Friend actually announced that the United Kingdom is untying the remaining 25 per cent. of our contribution to the special programme of assistance for Africa that is currently tied—some 75 per cent. of our contribution was already untied. We are currently looking more generally at untying aid as part of our overall review.

A number of hon. Members mentioned the excellent work being done by HMS Liverpool, the West Indies guard ship in Montserrat. As well as helping with the search-and-rescue operation, the crew have been assisting in the repair of generators, constructing building shells at Brads and solving plumbing problems at some of the shelters. The crew have been providing good assistance at the current emergency on Montserrat. I can assure the right hon. Member for Eddisbury (Mr. Goodlad) and the hon. Members for Westbury and for Mid–Sussex (Mr. Soames)—the latter apologised for not being able to be here for my reply—that our Department will be making a contribution to the Ministry of Defence defence review. We shall include the value of our troops and ships, both in peace-keeping as well as in disaster relief.

The hon. Member for Banbury and other hon. Members raised the subject of Montserrat and I thank the hon. Member for Banbury for his helpful comments.

[Mr. Foulkes]

At meetings held today, my right hon. Friend the Secretary of State approved urgent assistance to Montserrat. We have made progress towards considering immediate and long-term options to discuss with the elected Government of Montserrat to ensure that the island remains as far as possible a viable and positive entity.

A number of hon. Members, including, I think the hon. Member for Mid–Sussex, mentioned co-operation between the military and our Department's staff in Bosnia. I am grateful to him for praising our project partnership with British forces in western Bosnia. It is very productive and it places emphasis on helping ordinary communities—a feature that characterises all our work in Bosnia. I shall say now—the hon. Gentleman can read my remarks in the *Official Report* at his leisure tomorrow—that I have already had brief discussions with my hon. Friend the Minister for the Armed Forces and the remarks of the hon. Member for Mid–Sussex have encouraged me to have further discussions with my hon. Friend.

Mr. Dalyell: I was in Bosnia with one of the Scottish regiments at Whit. They need a good deal more resources if they are to do the job as effectively as they would wish.

Mr. Foulkes: I shall take account of my hon. Friend's comments.

My hon. Friend the Member for Cynon Valley (Ann Clwyd) raised the subject of Indonesia. I congratulate her on her diligence in pursuing Indonesian issues tirelessly both inside and outside the House. As my right hon. Friend the Secretary of State said in reply to a question in the House, we are currently reviewing both the level and focus of our development co-operation with Indonesia, as elsewhere. The issues of poverty and human rights will be central factors in shaping our future development relationship with that country. I hope that my comments will have reassured my hon. Friend.

The right hon. Member for Eddisbury, the hon. Member for Westbury and others mentioned the important role of non-governmental organisations. I bow to no one in my admiration for NGOs. I used to work for one, albeit not in this area, and I think that charities and voluntary organisations do a great deal of good. They have become major players in international development, with important roles both as aid deliverers overseas and, here in the United Kingdom, as advocates for development, which is most helpful from our point of view. We recognise them as important partners in development, whose work is complementary to that of our Department and whose experience can contribute to the design and delivery of our own programmes. We are strongly supportive of the role of organisations such as Population Concern, which was mentioned by my hon. Friend the Member for Hackney, South and Shoreditch (Mr. Sedgemore), who has an intimate knowledge of the issue.

Something that astonishes me after 18 years in this House—like you, Mr. Deputy Speaker—is that I am still surprised by the bare-faced cheek of the Tories. They presided over a halving of development aid, yet, after eight weeks, they come along and ask why Labour does not immediately set a timetable for increasing our bilateral aid. During the election, we made it clear that we are committed to working within the existing budget ceiling for the first two years, with the aim of then obtaining extra resources in the third year of the Labour Government.

Mr. Faber: Why?

Mr. Foulkes: Because the quality of aid is just as important as the quantity and we want to get that right. We want to make sure that aid is spent according to Labour priorities—our priorities—to help the poorest of the poor. We want to ensure that money is switched away from the sort of projects that the Conservatives supported and the National Audit Office criticised—projects such as the state propaganda radio station in Indonesia and the Pergau dam—to small-scale projects in sectors such as education, health and clean water. Only after that has been achieved can we go with confidence to my right hon. Friend the Chancellor of the Exchequer and ask for more money.

I remind Conservative Members that, when Labour left office in 1979, the aid budget stood at 0.51 per cent. of gross national product and rising; but when we took over from the discredited Conservative Government, it was 0.27 per cent. of GNP and falling. Let us hear no more lectures from Conservative Members.

Several hon. Members, including the hon. Member for Richmond Park and—*[Interruption.]*

Mr. Deputy Speaker: Order. There can be only one contribution at a time.

Mr. Foulkes: Thank you, Mr. Deputy Speaker. I am not actually too bothered by them, but I am grateful to you.

I shall add to what I said about UNESCO in an intervention, because some people did not seem to hear what was being said. Like my right hon. Friend the Secretary of State, I am becoming frustrated by people not listening—*[Interruption.]*—and I, too, find the hon. Member for Reigate (Mr. Blunt) very irritating. The cost this year of rejoining UNESCO is only £5 million and, as I told the hon. Member for Richmond Park, it will be met from the contingency reserve. More important, UNESCO has agreed to target our priority of primary education—especially for girls—so that that money will be spent in the most developmentally sound way possible. We had already anticipated points raised by Opposition Members.

I cannot address all the points raised during the debate, but we shall take account of all of them during production of our White Paper. However, I shall make a few remarks on the Commonwealth, a matter that was raised by the right hon. Member for Eddisbury. The Government attach the highest priority to the Commonwealth, its role and its principles. I am glad to say that the Commonwealth Heads of Government meeting will be held in Edinburgh—the city in which I received much of my education, or at least in which I was taught. The meeting will be held in October and will provide a timely opportunity for us to take a lead on a diverse range of important Commonwealth activities.

The main theme of the Edinburgh meeting will be "Trade, Investment and Development: the Road to Commonwealth Prosperity" and our discussion on that key subject will provide an opportunity to demonstrate that the Commonwealth can and does make a difference.

As I said at the beginning, this has been the most comprehensive and constructive debate about international development that we have had for a long time. I believe that it was so helpful because it followed the great boost given to the subject by our stunning victory on 1 May. That victory gave new hope to the people of the developing world, just as it gave new hope to the people of Britain. One of my right hon. Friend the Prime Minister's first actions was to fulfil our manifesto pledge to put international development at the heart of government, and to appoint a Cabinet Minister to be responsible for it. For all the tributes that have been paid to Lady Chalker—I, too, pay tribute to her—the last Government never put her in the Cabinet.

Not only is the subject important in itself; we now have a Select Committee—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Trawlermen (Compensation)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Pope.]*

10 pm

Mr. Alan Johnson (Hull, West and Hessle): As this is my maiden speech, before I come to the subject of the debate, I shall follow the tradition of the House by paying tribute to my predecessor, Stuart Randall, who represented Kingston upon Hull, West for 14 years. Although he began his working life as an apprentice electrician, it does credit to his hard work, determination and foresight that he developed an expertise in information technology that few have matched.

Stuart was working with computers in the early 1960s, and his subsequent experience as a manager and consultant in the banking, steel and motor industries proved an invaluable asset to the work of the House. Despite his deep knowledge of what is still an esoteric subject, he could not be accused of being the proverbial anorak. He is an open and friendly man, who earned the trust and respect of his constituents—many of whom have written to the local press recently to record their deep appreciation of his work as a dedicated constituency Member.

I do not have time to pay tribute to all my other predecessors, but a mark of the eminence of my city is that other Hull Members include the poet Andrew Marvell, who pleaded to his coy mistress by the tide of Humber. His couplet

"But at my back I always hear

Time's winged chariot hurrying near"

should be a maxim for speakers in the Chamber. William Wilberforce was another predecessor of mine, who was born in Hull.

I am proud to represent the people of Hull, along with my right hon. Friend the Member for Hull, East (Mr. Prescott), the Deputy Prime Minister and Secretary of State for the Environment, Transport and the Regions, and my hon. Friend the Member for Hull, North (Mr. McNamara). We form a utilitarian trio: the seafarer, the teacher and the postman. The phrase "workers by hand or by brain" comes to mind—only to be quickly suppressed. We are all enjoying the full fruits of our industry.

I am equally proud to represent the town of Hessle, which was formerly part of the constituency of the hon. Member for Beverley and Holderness (Mr. Cran). When my predecessor made his maiden speech, he said that the Humber bridge, which connects with the north bank of the river at Hessle, was not in his constituency. Rectifying that involved either moving the bridge or extending the constituency. I am delighted that the latter option was taken.

Although Hull is rightly famous for its splendid university, its rugby league football team, its publicly owned telephone company—local calls of unlimited duration cost 4p—and its magnificent 13th-century Holy Trinity church, to most people it is synonymous with seafaring. Fishing gave Hull its spirit, its character and, in the main, its livelihood. Of only four distant water ports in this country, Hull was the largest, and was unique in that its boats fished nowhere other than in distant Arctic waters.

[Mr. Alan Johnson]

Distant water fishing is the most arduous and hazardous of occupations. Working most commonly on three-week trips, with 36 hours in port before they set off again, the men were on deck, exposed to temperatures as low as minus 40 deg throughout their 18-hour shifts. In winter, they were constantly involved in struggles to prevent their vessels from icing up. Too much top ice, which could form within minutes, would capsize a trawler. The accident mortality rate was 14 times that of coal mining. In the 150 years from 1835 to 1987, some 900 Hull boats were lost at sea. Few crew members survived.

There is no distant water fishing industry worth speaking of any more. The 3,000 men who carried out that desperately hard and dangerous work lost their jobs, primarily as a direct result of the previous Government's decision not to accept the generous quotas that were offered when Iceland extended its fishing limit to 200 miles 21 years ago. They are the true casualties of the so-called cod wars.

I appreciate that the House is not the place for hyperbole, but I must say that I have never come across a worse case of industrial injustice than the way in which trawlermen, their families and communities were subsequently treated. The issue has been raised countless times in the House by my right hon. Friend the Deputy Prime Minister when he was in opposition, by my predecessor, Stuart Randall, by my hon. Friend the Member for Great Grimsby (Mr. Mitchell), and by Opposition Members, because this is not a party political issue.

Both Government and Opposition have had a hand in creating the trawlermen's plight. However, until now a Labour Government have not had an opportunity to resolve it. The Conservative Government made an attempt to solve the problem, but, for reasons which I shall explain later, it was insufficient and inadequate. First, I need to complete the background. Although the trawler owners received generous payments and decommissioning grants, the trawlermen received nothing. There were no assistance programmes, no retraining initiatives and no redundancy compensation.

With nothing but broken promises and expressions of sympathy by the Government and various agencies, the burden of correcting the injustice has fallen to the fishermen themselves, who set up the British Fishermen's Association for that purpose. The Minister will be aware of how this small organisation, financed and run entirely by the men, has doggedly pursued their cause. He will know how they won their case at an industrial tribunal in 1987 on the issue of redundancy pay, only to lose on appeal, and how, in 1993, a further judgment from the Court of Appeal on a different case finally supported the trawlermen's contention that they were not and never had been casual workers.

In response, the Conservative Government established an ex gratia scheme which could belatedly have provided, if not a generous, at least an honourable settlement of the issue. However, that Government insisted that, first, the scheme applied to those who had been misdirected by departmental officials and as a result did not pursue their cases to an industrial tribunal, and, secondly, that payments were based on the necessity of having worked for the same employer for two years.

The first criterion excluded those few fishermen, 17 in total, who had pursued their case to a tribunal and lost before the Court of Appeal ruling in 1993. The second criterion failed to recognise the unique nature of the industry and the way that ships were crewed. Trawlermen worked in what was called "the scheme", which was operated by the shipowners and the then Department of Employment, and one of its objectives was to ensure that there was an adequate number of qualified fishermen readily available for all companies participating in the scheme.

When a trawler was tied up, perhaps for a refit, the trawlermen were entitled to dole money and would remain in the scheme. However, if the Department of Employment decided, in conjunction with a participating company, that it would be appropriate for a trawlerman to cover a vacancy on a trawler that belonged to a different company, the trawlerman was compelled to accept or had his benefit stopped. For that and many other reasons relating to the industry, discontinuity of employer was a fact of life.

Those criteria have denied many trawlermen any compensation. For others, the payments have been derisory. For example, one ex-trawlerman who wrote to the previous Prime Minister explained that he had spent 35 years at sea as a distant water trawlerman. However, because of the few occasions in that time that he had worked continuously for two years for the same company, his payment was £450.

There is no legal redress, but there is a political solution. The ex gratia payment scheme can be reopened and reconstituted on a basis that recognises natural justice and the realities of that perilous occupation. The scheme was not inadequate because available finances were limited. The Department of Employment confirmed in a letter to the BFA that there was

"no limit on the number of payments or on the total cash available."

In any case, although I recognise and support the prudent approach of my right hon. Friend the Chancellor of the Exchequer, to whom we will all listen with interest tomorrow, the amount of money needed to rectify the problem would not even register in the decimal roundings of the Red Book.

It is difficult in such a short debate to explain all the arguments surrounding such a complex issue. I therefore hope that my hon. Friend the Minister will agree to meet a delegation from the BFA to discuss the matter further. The House owed a debt of gratitude to the distant water trawlermen for their work when the industry was flourishing. We now owe them justice and some peace of mind, having contributed to the loss of their livelihood.

10.10 pm

Mr. Austin Mitchell (Great Grimsby): I congratulate my hon. Friend the Member for Hull, West and Hessle (Mr. Johnson) on securing an Adjournment debate on this important subject. It is still a central issue in Grimsby, Hull, Fleetwood and Aberdeen, where people have a long-standing grievance.

I congratulate my hon. Friend, too, on his maiden speech, which shows the vigour and determination with which he will fight in the interests of Hull, West and Hessle and, in particular—I hope—of the fishermen, retired fishermen and redundant trawlermen there. The work was begun by his predecessor, and people in

Grimsby, Hull and Fleetwood have always co-operated. I was grateful, therefore, that my hon. Friend offered me the opportunity to add something to his effective and powerful speech. It promises well for the future representation of Hull, West and Hessle.

This is an important subject. I do not think that my hon. Friend was being at all controversial in raising it. The fishermen have a real and oppressive grievance, and to raise it is not to depart from the non-controversy rule of maiden speeches. It is nothing more than a statement of the obvious truth.

Fishing was probably the worst and most dangerous job. The death and injury rates were far worse than those in mining. Fishermen were exposed to extreme conditions, particularly around Iceland, in the bitter northern waters around Norway, and further around still. It was an extremely dangerous and tough job, which was brought abruptly to an end—through no fault of the fishermen—effectively by a political decision to extend limits to 200 miles, which excluded them from Iceland, led to a reduction of effort in Norwegian waters and sounded the death knell of the distant water fleet. Those brave men were suddenly thrown on the scrap heap. Their treatment was the worst that has been meted out to any group of workers in the history of modern industrial Britain.

We had a long struggle. My hon. Friend mentioned the efforts of the BFA, which have been extremely important in Grimsby, Hull and Fleetwood. All people have been working together for a common purpose. We had enormous help from the Humberside law centre and from Humphrey Forrest, who found the formula that proved that fishermen were employed, not casual workers, as they had been treated.

At the end, the fishermen received basic redundancy pay—nothing more than the legislation entitled them to. Even then, as my hon. Friend pointed out, categories of people were left out of the basic redundancy compensation. People who could not prove two years' continuous employment with one employer did not receive any redundancy, yet the nature of the industry was that people moved from employer to employer. They were still fishermen. They were still working for the owners association. They were just changing, as people did, to another vessel. That was construed as the end of the contract with one employer and the beginning of a contract with another. Even though they had been, as my hon. Friend said, 30 years in fishing, in that dangerous job, they were still treated as casual unless they had more than two years with one employer.

The people who took their cases to a tribunal were excluded from the ex gratia payment. There were also late applicants. Indeed, I have heard from several. In fishing communities, word inevitably gets around slowly. There were those who emigrated. There were those who work in Spain, Australia and New Zealand. There are the people who died, whose widows and families want to claim the compensation. The Conservative Government simply did not allow enough time for claims to be processed and for news to get around. It is right that this matter be reopened and that we have another look at the people who were excluded from ex gratia payments. It is nothing but minimum fairness.

Secondly, large sums of money were paid to the owners as fishing in distant waters ran down. It runs to scores of millions of pounds. Some claims were devious, to say the least. The Public Accounts Committee had a field day proving some of the scandals and scams that were developed between 1983 to 1986 to claim money for the owners. Where did that money go? That is the question that fishermen ask, because none of it went to them. It was intended for the industry, but the fishermen got nothing. The owners pocketed the money. They did not put it back into fishing. There is a case for an inquiry to find out what happened to that money and why none of it went to the fishermen, who got no compensation whatever.

Thirdly, it is not as if the fishermen were treated in the same way as car workers, coal miners or steel workers, all of whom get compensation for the loss of their job—for the death of an industry in this case. The fishermen got absolutely nothing. There is a certainly a moral case—a legal case is more difficult to prove—for considering compensation for these men.

Fourthly, there is the problem of pensions. The men were in the Humber fishermen's scheme, or the trawl fishermen's scheme later on. The payments they received from that were, in many cases, lump sums—perhaps a couple, three hundred or four hundred quid. The payments were extremely small. That is all they got. What happened to the money that was paid into the pension schemes? We need an inquiry into that. We are trying to make headway with the pensions ombudsman and the Occupational Pensions Regulatory Authority, but it is a long, slow job to prove individual cases. Again, there is an outstanding injustice there.

My hon. Friend's plea tonight, which I echo, and which, I am sure, will be echoed by fishermen in both ports, is simple: a fair deal for the fishermen, even at this late stage. They lost their jobs under the last Labour Government. When fishing in Icelandic waters stopped, the then Minister of Agriculture, Fisheries and Food said:

> "We intend, as a Government, to do all we can to avoid hardship to those concerned . . . We shall discuss with the unions and employers the feasibility of an arrangement for compensation for those fishermen directly affected by the settlement".—[*Official Report*, 28 June 1976; Vol. 914, c. 27.]

He added that it had been agreed in principle that a special scheme would be needed.

There was never any special scheme. There was never any compensation. There was never any retraining. There was never any of the benefits that were held out hopefully to the fishermen when fishing in Icelandic waters finished. They have been left without compensation for all this time. It is a crying scandal, about which we should do something now.

This scandal needs to be looked at by the new Labour Government, who are more sensitive—and rightly, too—to the claims of the fishermen. We need to discuss it with the delegation that my hon. Friend asked for. I am delighted he did. I hope that the Minister will concede. It needs to be looked at by an inquiry. In the four ports concerned, there are no more than 5,000 fishermen at most. They need justice. It is time to give them justice. It is more than time for justice.

10.18 pm

The Minister of State, Department of Trade and Industry (Mr. Ian McCartney): I thank my hon. Friends the Members for Hull, West and Hessle (Mr. Johnson) and for Great Grimsby (Mr. Mitchell) for their speeches.

[Mr. Ian McCartney]

I congratulate my hon. Friend the Member for Hull, West and Hessle on his choice of subject for today's debate on the Adjournment, and I am pleased to be able to respond for the Government.

My hon. Friend the Member for Hull, West and Hessle is not only a personal friend but has made a fine maiden speech. As a former seaman myself, I found that many of his remarks struck a chord. He spoke eloquently about the harsh environment in which seamen have operated and in which they continue to operate.

My hon Friend also spoke powerfully about the regrettable loss of employment resulting from the sharp downturn in the distant water fishing industry, which occurred particularly in the late 1970s and early 1980s, after the United Kingdom was excluded from Icelandic fishing grounds. I join him in paying tribute to the sterling efforts and achievements of the many former fishermen who suffered because of that decision.

I and my colleagues in government fully realise the extremely arduous conditions that those fishermen had to face in what was then, and remains, one of the most difficult and demanding ways in which to earn a living. I assure my hon. Friend the Member for Hull, West and Hessle that, as an hon. Member representing a coalfield community, I have every sympathy for those who lost their livelihood because of economic factors beyond their control. Of course the fishing industry has by no means been alone in suffering such problems—coalfield, steel and textile communities have suffered also—although it has doubtless been hit more severely than most. No one can challenge that fact.

I should say at the beginning of my reply that general policy on the fishing industry is a matter for the Ministry of Agriculture, Fisheries and Food. Many of the specific points raised by my hon. Friend the Member for Hull, West and Hessle in his speech—including those on compensatory payments to vessel owners, which my hon. Friend the Member for Great Grimsby also mentioned—are really more appropriate for my MAFF colleagues to consider. I will certainly ensure that his concerns are brought to their attention.

The specific aspect that falls fairly and squarely within my own ambit as Minister with responsibility for labour market issues is that of the ex gratia payment arrangements that operated during 1994 and 1995—initially by the Department of Employment and then, following a machinery of government change, in July 1995, by the Department of Trade and Industry. I hope that my hon. Friend will forgive me if I confine most of my remarks to that subject.

I certainly realise the strength of feeling on the issue, and I hope that it will be helpful if I say now that I will be happy to meet my hon. Friend the Member for Hull, West and Hessle and a delegation from the British Fishermen's Association, as he requested, to consider any further points that they wish to make to me.

My hon. Friend has already explained the general background to the exgratia payment arrangements. In the late 1970s and early 1980s, when many distant water trawlermen became unemployed, there was widespread belief that the intermittent, voyage-by-voyage nature of their work meant that they could not have accrued the two years' continuous service needed to qualify for statutory redundancy payments from their former employers. It was open to them to seek to challenge that belief before industrial tribunals and, if necessary, on appeal before the higher courts.

Many of those fishermen, however, failed to make a claim within the relevant statutory time limits, and consequently lost the opportunity to do so. In some cases, their failure was regrettably due to misdirection by local Employment Department officials, who had told them—in good faith, but nevertheless incorrectly—that they could not pursue their entitlement in that manner.

In 1983, Ministers of the previous Administration agreed that the Government would make ex gratia payments to anyone who could have been disadvantaged by such misdirection, provided that they could establish that they had in fact had an underlying entitlement to a statutory redundancy payment. That question was finally settled only in October 1993, when the Court of Appeal's judgment in the case of Atkinson and Dickinson *v.* Hellyer Brothers Ltd. made it clear that the former fishermen could in certain circumstances be regarded as having been continuously employed, and could therefore in principle have qualified for statutory redundancy payments.

The Employment Department acted to establish suitable arrangements for making ex gratia payments. The arrangements were well publicised, through interested Members, the British Fishermen's Association and the local press in fishing areas. In line with the underlying rationale of the arrangements, eligibility was restricted to former fishermen who had met the conditions to qualify for a statutory redundancy payment and whose situation indicated that they could have been disadvantaged by misdirection by officials. Some 9,000 payments were made in all during the two years that the arrangements remained in effect, amounting to a total of over £13.6 million.

A number of criticisms have been made of the ex gratia payment arrangements. The main ones that I have noted are: that some former fishermen were excluded; that payments were made in some cases to individuals who were not entitled to them; that the payments were inadequate in terms of their amounts; and that the arrangements were closed prematurely.

I shall endeavour to take up all these points this evening. If I am not able to do so because of a shortage of time, the issues can be discussed further when I meet my hon. Friend and his delegation. I shall be happy during the course of that discussion to receive other information that he might bring forward about the four matters to which I have just referred. I shall consider them in a full, honest and open way.

I must emphasise that the principal responsibility for making statutory redundancy payments to employees rests with their employers. The Department of Trade and Industry generally has no role to play, except where that responsibility would otherwise be unfulfilled—for example, in insolvency cases, where the redundancy payments service protects employees' interests by making payments on the employers' behalf and subsequently seeking to recover the money from them, or their assets.

As I have explained, the ex gratia payment arrangements were set up for the specific and limited purpose of compensating individuals who had lost the opportunity to pursue their statutory rights against their employers in circumstances where this could have been due to misdirection by departmental officials.

The arrangements were never intended to compensate former fishermen more generally for the loss of employment in their industry, or to act as a measure of recognition for their overall service to the industry. My hon. Friend clearly considers that they should have had such aims, but they did not, and I think that almost all the criticisms that have been made have stemmed from that fact.

I have already touched on the reasons why certain former fishermen were excluded from the arrangements. In some cases, it was because they had clearly not suffered the misdirection for which ex gratia payments were intended to compensate. This applied where they had made an industrial tribunal claim or had received a statutory redundancy payment at the time of their dismissal. In other cases, it was because, even with the benefit of the Court of Appeal's decision, the former fishermen in question would not have qualified for a statutory redundancy payment in any event. This applied where they had worked for no one employer for two years or more at a time, and so still did not have the necessary qualifying period of service, or where they had been subject to some other exclusion.

I recognise that many former fishermen who lost cases at industrial tribunals did not appeal to the higher courts, and so failed to establish an entitlement. They were free to do so, however, and unlike in those instances where no industrial tribunal claim was made, there can be no suggestion that they were misdirected by departmental officials as to the possibility of pursuing their entitlement by way of legal action.

It has been alleged that, in some instances, ex gratia payments were made to individuals who were not entitled to them. I have been assured by my officials that each claim was scrutinised carefully, and that none was paid unless there were fishing or national insurance records to back it up.

Each claimant was asked to sign a statement that he understood that legal proceedings would be taken against him if he knowingly made a false declaration. Full investigative action has been taken in any instance where fraud has been suspected. If my hon. Friend or members of the British Fishermen's Association could provide evidence of any specific cases where they believe that payments have been made to those not entitled to them, I should be pleased to consider it in due course.

A further bone of contention has been that the arrangements were discontinued after two years, at the end of 1995. It seems to me, though, that it is impracticable for such arrangements to be maintained indefinitely, and that two years was not an unreasonable period to allow for claims in this instance. The arrangements compare favourably with the usual six-month and maximum one-year time limits for statutory redundancy payments claims, and with the various time limits for state benefit claims, most of which have been about one year and none as long as the two years allowed in this instance.

As I have mentioned, the arrangements had been well publicised. Indeed, they were common knowledge in port areas, as I am sure my hon. Friend would accept. Departmental officials made every effort to ensure that former fishermen and their families had a reasonable opportunity to claim. The closing date for claims was similarly well publicised. I understand that, by the end of 1995, new claims had for some time been running at a low and steadily declining level. For example, only about 20 a week were received in September 1995, and that had fallen to about 10 per week by November 1995.

Having considered the matter carefully, it seems that the decision to discontinue the arrangements was taken on sound grounds of practicability and good financial management, and was implemented in a reasonable manner. I should add that my officials still give careful consideration to any out-of-time claims that are received, and are prepared to admit them in cases where it is clear that special circumstances made it impossible for them to be submitted before the closing date.

It would be inappropriate for me to comment on the details of individual cases, but the House may be interested to know that four out-of-time claims have been approved in such circumstances. That is out of a total of 20 that have been received in the 18 months since the arrangements were discontinued.

Throughout my speech, I have sought to emphasise that the DTI's ex gratia payment arrangements had a specific and limited purpose, and that they were never intended to act as a general measure of compensation for the loss of employment in the fishing industry as a whole. I therefore look forward—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Ten o'clock.

House of Commons

Wednesday 2 July 1997

The House met at half-past Nine o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

9.35 am

Mr. Paul Tyler (North Cornwall): On a point of order, Madam Speaker. I seek your advice and guidance. On page 167 of "Erskine May", the author writes:

"In the Commons no place is allotted to any Member: but by custom the front bench, on the right hand of the chair, called the Treasury bench or government front bench, is appropriated for the members of the administration. The front bench on the opposite side, though other Members occasionally sit there, is reserved by convention for the leading members of the Opposition. It is not uncommon for senior Members, who are constantly in the habit of attending in one place, to be allowed to occupy it as a matter of courtesy."

I draw three matters to your attention, Madam Speaker. First, two weeks ago hon. Members from the Conservative Opposition placed green cards on the Opposition Front Bench and attended Prayers in preparation for Scottish questions. I drew the matter to your attention, and hoped that, as I had done so, you would accept that a precedent had been established and green cards could be placed on that Bench.

Secondly, there is nothing either in "Erskine May" or in any Standing Order that I have been able to obtain that allocates any other Bench behind the Opposition Front Bench to any particular Member from any particular party.

Thirdly, accepting that there seemed to be no precedent to prevent us from doing so, my colleagues and I put green cards on a number of spaces in preparation for this afternoon's Budget debate. My colleagues came here this morning to pray in those places, expecting that that would establish their position for the business of the House today.

I seek your guidance, Madam Speaker. It is not my intention to cause difficulty today—[*Laughter.*]. I simply want to establish that this Parliament is in one respect different from the previous Parliament, and, indeed, from any recent Parliament, in that there is a substantial large block of Members from a third party.

With the help of the Library I looked up the records, and found that when that was last the case, in the 1920s and 1930s, the leader of the then Liberal party spoke regularly from the Front Bench. I ask your guidance, Madam Speaker, as to how the will of the electorate as expressed at the general election can be properly reflected in places in the House.

Mr. Peter Bottomley (Worthing, West): Further to that point of order, Madam Speaker. May I ask you to reflect on two things? First, the matter is one which hon. Members ought to be able to sort out without involving the Chair—as on the occasion several weeks ago, when I placed a green card in the place at present occupied by the hon. Member for Bath (Mr. Foster). The Liberal Democrat Chief Whip rang me and explained what had happened before, so I did not use the card and did not provoke an incident.

Secondly, there are occasions when an hon. Member comes to the House with a prayer card, to take a place which is later used by a senior member of his party, a matter which I hope can pass without comment. We must move on, and the Liberal Democrats should not do again what they have tried to do today.

Mr. Tony Baldry (Banbury): Further to that point of order, Madam Speaker. The hon. Member for North Cornwall (Mr. Tyler) has been slightly disingenuous in his description of what happened today, and there are matters that touch directly on your authority. Having been in the Chamber since before 9 o'clock, I can describe what happened. My hon. Friend the Member for Worthing, West (Mr. Bottomley) is right that we should be able to sort out these matters, but that is not the case. The Serjeant at Arms and your Secretary came into the Chamber—making it clear that they were doing so on your instructions—and told senior Liberal Democrat Members that what the Members were seeking to do was unacceptable, as the Benches above the Gangway were reserved for members of the official Opposition, while those below the Gangway were a free for all for anyone.

Given that the Serjeant at Arms made clear to senior Liberal Democrat Members what your ruling was, it is a gross discourtesy, not to the House but to you, that five Liberal Democrats have sought to assert themselves on the Opposition Front Bench. I hope that the House will understand that the Liberal Democrat Members could have been in no doubt about your ruling. It is clear that senior Liberal Democrat Members either have not sought to assert control over junior Members or have deliberately flouted what you said.

Mr. Dale Campbell-Savours (Workington): Further to that point of order, Madam Speaker. I have been in this House for 18 years, and the system of prayer cards is an abuse of our procedures, which should be brought to an end. The reality is that many hon. Members come into the Chamber allegedly to pray, but, in fact, all they are doing is booking their seat for the day. We all know that that is true and we should stop it. I ask you to set in train an inquiry into how that matter can finally be resolved. If I want a seat in this House, I will come in and take it. If a prayer card is on the seat that I have selected, I will remove it in the event that the Member has not turned up to pray.

What happens is an abuse and I appeal to you to bring this silly practice to an end immediately.

Mr. Menzies Campbell (North-East Fife): Further to that point of order, Madam Speaker. I seek your guidance in respect of the proper construction to be placed on the passage in "Erskine May" to which my hon. Friend the Member for North Cornwall (Mr. Tyler) referred. You will be aware that the passage refers to the fact that the Opposition Front Bench

"is reserved by convention for the leading members of the Opposition."

Am I correct in saying that the convention has force only so long as it is universally recognised within the House, and that if it fails to continue to have universal

[Mr. Menzies Campbell]

recognition, its effect as a convention is diminished? Am I also correct in saying that if an hon. Member breaches Standing Orders, the Chair has the opportunity, the right and the obligation to exercise certain disciplinary powers? If there is a breach of convention, am I correct in saying that those powers are not available to the Chair?

Mr. William Cash (Stone): Further to that point of order, Madam Speaker. In respect of the convention described by the hon. Member for North Cornwall (Mr. Tyler), the critical issue is that it is defined by reference to the reason for the rule. The reason for the rule is, undoubtedly, to allow the proper conduct of business in this place. The official Opposition sit where they always do to deal properly with the business of the House. In that context, the Liberal Democrat Members are out of order, as the business of the House cannot be conducted if they remain in their place.

Mr. Nicholas Winterton (Macclesfield): Further to that point of order, Madam Speaker. Unless I misheard him, the hon. Member for North Cornwall (Mr. Tyler) said that, from time to time, the Opposition Front Bench could be occupied by senior Members of this House. I am looking at Liberal Democrat Members, and in no circumstances could any of them be described as a senior Member of this House. Am I right that the success of Parliament and this House of Commons—and of this Chamber in particular—is based upon convention, tradition, precedent—

Mr. Michael Colvin (Romsey): Trust.

Mr. Winterton: My hon. Friend is right. Is it not time that tradition, trust and precedent—which have led to the success of this House and made it the envy of the world—were implemented and honoured again?

Mr. Donald Anderson (Swansea, East): Further to that point of order, Madam Speaker. I hesitate to intervene in a war on the Opposition Benches, but it does not really matter where a person sits for Prayers, because the Lord is no respecter of persons. However, it does matter for the convenience of the House. Therefore, it is proper for the official Opposition to sit in the appropriate seats. Equally, with a degree of good will on all sides, Benches should be reserved for the enhanced numbers of Liberal Democrat Members, and those Benches should properly be those above the Gangway. With a degree of good will on all sides—and without bothering you, Madam Speaker—the House can surely reach a decision.

Mr. Alex Salmond (Banff and Buchan): Further to that point of order, Madam Speaker. As you know, I am a very tolerant person, but it seems to me that common sense would dictate that we have either reserved seats or a free for all. I do not mind which it is, but it must be one or the other. We cannot have seats reserved for some and a free for all for others.

Mr. Julian Brazier (Canterbury): Further to that point of order, Madam Speaker. I am not sure whether Prayers have made us any better tempered. I wish to refer to the Dispatch Boxes. I have not been a Member for as long as some of the earlier speakers, but I understand that the Dispatch Boxes play a special role in the life of the House. It is traditional for Ministers to speak from one Dispatch Box and for the Leader of the Opposition, or his nominated subordinates, to speak from the other. Would it not be inconvenient for the House if the Leader of the Opposition and his immediate subordinates had to put prayer cards in each day to have access to the Opposition Dispatch Box?

Madam Speaker: Have hon. Members finished with their points of order? Good.

It is custom and practice that the Opposition Front Bench is reserved for the official Opposition, and I shall see that that is maintained. It is also custom and practice that the area below the Gangway is for the minority parties. I shall look at all the points of order that have been put to me this morning, but I have never known grown-up people to behave—*[Interruption.]* I want my voice to be recorded. I have never known grown-up people to behave in such a crass and childish manner. I think that it is time that Members of this House grew up. If they do not, I shall want to see the leaders of the Conservative and Liberal Democrat parties very soon.

I hope that those Members now on the Opposition Front Bench who are not members of the official Opposition will do me the courtesy of removing themselves right now while I am on my feet. [HON. MEMBERS: "Hear, hear."]

I am taking no further points of order. We have business in this House, and I hope that hon. Members will resolve this in the next hour and behave in a more adult fashion. I am ashamed of this morning's proceedings.

Mr. Phil Willis (Harrogate and Knaresborough): On a point of order, Madam Speaker.

Madam Speaker: Is it on another matter?

Mr. Willis: No.

Madam Speaker: No, it cannot be on the same matter. I have made my ruling.

Small Retail Shops

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Betts.]*

9.47 am

Mr. Archy Kirkwood (Roxburgh and Berwickshire): May I take the House back to the less contentious issue of high street shops? I am grateful to the Minister for Small Firms, Trade and Industry for coming to the House to spend some time on these important matters. The issue may not be highly charged politically—and I do not want to make a highly charged party political speech of any kind—but it is important, early in the new Parliament, to recognise that there are problems facing small family retail businesses, particularly in the high street, throughout the United Kingdom. It is also an appropriate day to raise the matter, because the Budget may have significant ramifications and consequences for small retail businesses. The Minister has time to nip across the street before lunch and insert the odd paragraph in the Chancellor's speech. The importance of the financial or economic context in which small retail businesses must survive should be recognised.

At the time of the election, going around my constituency in south-east Scotland, I was struck by the number of people who were concerned about the blight that they felt was beginning to affect some high streets. They spoke of the acute need for support for the built environment throughout the nation. When I made further inquiries, I was surprised to find that that feeling existed not just in south-east Scotland, but throughout the country.

The Government said in their election manifesto that they were anxious to give small businesses a major role, and I hope that the Minister will recognise that retail shops are an important part of the small business sector. I am not talking about rural or village shops, or post offices; their needs were addressed in the previous Parliament. Nor am I thinking of shops in small towns. In the previous Parliament, the Select Committee on Trade and Industry produced a valuable report on larger conurbations; we await the Government's response, which I hope will be positive and will give succour to small retail shops. I am more concerned about small communities—market towns such as eight or nine in my constituency, including Hawick, Kelso and Jedburgh—containing between 5,000 and 15,000 people. The economic centre of such a community is its high street, where historically—for centuries, in many instances—the retail sector has existed.

Those high streets are the backbone of the local community, functioning as a social meeting place as well as providing retail goods. People need a place where they can meet and exchange news, views and gossip. Social intercourse is as important to the local community as the business that is done in the high street. In my constituency, there is a real danger of blight in such areas. Blight is a pretty drastic word, but the situation is now serious.

Once the problem had been drawn to my attention, I took note of what had happened in the recent past. One of the difficulties that bedevil the Government relates to the collection of statistics about, for instance, turnover and closures. There are some statistics—small newsagents have been monitored carefully by their trade association, and the community pharmacy campaign has been investigating individual sectors—but I suspect that the Government will find it hard to establish the way in which the trends are developing and the problem is building up.

There is anecdotal evidence, however. Anyone who wanders along the high streets of the United Kingdom will see that the atmosphere of diversity, wealth and colour is not what it was. Most premises are occupied either by banks and other financial institutions or by off-licences, which are doing very well. I know that the Government are concerned about that. There is an increasing number of charity shops, which is also causing concern.

The reasons for what is happening are many, varied and complicated. As I said at the outset, the Budget is an important part of the equation: the economic climate is a vital aspect. In my area, there are signs that things are beginning to pick up. Long may that continue, and I hope that the Government will use this afternoon's Budget statement as an opportunity to promote such developments.

Sociological factors are also having a dramatic effect on the high streets. Increased mobility enables people to travel further in order to shop and I fear that the situation will get worse before it gets better. Competition from supermarkets has also had an effect. In some market towns, there is a supermarket at one end of the high street—serving a useful function, it must be said—and an open market with a car park at the other end, functioning at the weekends. Twin pressures are exerted by the organised power of big commercial businesses such as Sainsbury, and competition from market traders and stallholders. Those pressures may have been underestimated in the past. Transport policy is another problem. The difficulty of convenient parking on the high streets is a major disincentive: in the past, people were much more willing to walk to and from shopping centres.

One of the main reasons why some high streets have suffered so much is that, because of financial constraints, local authorities have found it difficult to organise strategies to enhance local areas and underpin the high street environment. I hope that, if it achieves nothing else, this debate will lead to the recognition that not just central Government but local authorities have a vital role to play. I hope that the Government will acknowledge that. I also hope that central Government and local authorities will consider the effect of non-domestic and water and sewerage rates on the economic viability of some small family businesses.

I know that it will not be easy, but it would be a real step forward if a tax system could be established for the small retail sector that was more directly related to profitability. At present, if some of the small family businesses in the high streets of my town were required to pay rates on the basis of what they had earned at the end of the year, they would be receiving handouts from the local authority. Some are on the very margins of profitability. The issue is not simple and it is not new, but this Parliament should give it urgent attention.

Local authorities have an important function in setting the rules for planning and development. The previous Secretary of State for the Environment, the right hon. Member for Suffolk, Coastal (Mr. Gummer), is a man with whom I have little in common, but he did some sensible work—perhaps too late—in trying to redress the

[Mr. Archy Kirkwood]

balance between town centres and out-of-town supermarket development. The physical environment is extremely important for our high streets.

Tourism is an extremely and increasingly important industry and is promoted by a positive high street environment. Tourists look forward to being able to take advantage of a pleasant and interesting high street; those in south-east Scotland are not finding what they expect. We ignore at our peril the impact on the tourist industry of letting our market town centres fall into too much decay.

Corner shops and high street shops are increasingly a soft target for crime. The plate-glass window is an inviting target on Friday nights when people have drunk too much and are showing youthful exuberance, to put the kindest possible construction on it. The insurance companies have begun to put enormous premiums on replacing those windows, some of which are curved and extremely expensive. That knocks the stuffing out of family businesses that have to replace glass at great cost three, four or half a dozen times a year and to pay increased premiums. That is dispiriting, debilitating and demoralising.

In the middle term, the next 10 or 15 years, we face the prospect of additional pressure from electronic shopping. Information technology is moving on and we have electronic banking. The President of the United States was properly encouraging people to think about global marketing for small companies, and there may be some advantages in that, although I do not see how the sale of children's shoes in the high street could gain much benefit from access to the Internet.

None of those points will be new to the Minister, but they are worth putting on the record. The problems are getting worse and putting increasing pressure, day by day and month by month, on people trying to earn a living as retailers in small market towns.

My constituents are concerned about charity shops. I understand the emotional reaction, as people are worried that their high streets and market squares are being taken over by those shops and feel instinctively that they are responsible for the degradation. That analysis is superficial and wrong, because charity shops have a valuable role to play.

My generation and that of my parents and grandparents had more extended families and a hand-me-down system of recycling children's clothes, and five or 10 years ago some local charity shops were offering a valuable service in replacing that system, but things have moved on a long way since then and major national charities with big merchandising departments now take advantage of rate relief and the empty spaces in our high streets. Of course, we all support the causes for which they raise money, and I recognise, because they tell me so with monotonous regularity, that they are also under great pressure because of the national lottery.

The extent to which charity shops are filling gaps in high streets is beginning to be a matter for concern. The Government should examine carefully some of the rate exemption rules and whether they are being observed as punctiliously as they should be. I have no evidence for it, but my constituents feel that charity shops are taking unfair advantage of some of the exemptions.

Charity shops have an indirect impact on the downward spiral in high streets because they can afford rents that would fall if they were not there; in their absence, the owners of empty shops would be prepared to consider rent reductions to a level at which a bona fide small family business would be viable. They are unwittingly distorting free market processes.

We do not want to be antipathetic to charities and we want to keep the best of what they provide in our high streets, but we must recognise that there are now too many of them and that they have an indirect collective effect on the economies of our high streets.

I accept that it is not easy for the Government to have a hands-on, direct impact and transform the situation overnight—there are many underlying causes of the problem and the background is complex—but will the Minister acknowledge that there is a difficulty? I am sure that she does not need any extra tasks, but I hope that she will commit herself to a serious examination of the problems and lend a listening ear to those in the sector.

One of the problems that bedevil the sector is the fact that it does not have a united voice and an overarching view; it does not have access to the public relations machine of Sainsbury and other supermarket chains. The Federation of Small Businesses does valuable work, but it finds it difficult to bring together the many strands of the sector to give it the authority that it would like.

Will the Minister explain how the Government intend to deal with the cross-departmental nature of the problem? She is not in control of crime or local government, so the House would be grateful if she could explain how the different departmental perspectives can be brought to bear on the problem. On Budget day, we do not need to be told again that there are difficulties with money, but a little pump priming could go a long way.

A cross-departmental task force would give us some confidence that the Government are serious about dealing with the situation, although I know that they are reviewing much of the legislation, and one would expect nothing different from a new Administration, after 18 or 19 years of government by another party.

Although others have tried before her, will the Minister consider the problem of how non-domestic rates are unrelated to profitability? We have precious little time to find a solution to that, if we are to make some positive improvements to the lot of small retail businesses. The Minister should consider the use of local partnerships, probably spearheaded by local authorities, which could be pump-primed. That would enhance the built environment. Local enterprise companies also have a role to play in encouraging small projects to renew the built environment of high streets.

It is a hard but important task. I hope that the Government will commit themselves to studying the matter seriously during the current Parliament. They should work with those who represent the needs of small businesses in high streets to make some progress. I know that my hon. Friends and I will be constantly at the Government's shoulder to put pressure on them at every opportunity, so that the problem can be addressed robustly and effectively in the years to come.

10.10 am

Mr. Frank Roy (Motherwell and Wishaw): Thank you, Mr. Deputy Speaker, for allowing me to speak in this important debate, which has great relevance to the people

of Motherwell and Wishaw. I agree with much that the hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) said: there is a need for a coherent policy for town centre regeneration.

The need for a coherent policy to encourage small retail shops is abundantly clear, especially in the main street of Wishaw. The retailers of Wishaw have been left to pick up the crumbs left from years of industrial decline and falling disposable incomes. At the same time, they have had to face the problems of spiralling overheads and a dwindling customer base.

The debate also allows me to make my maiden speech in the mother of Parliaments. I have the great honour to be elected as the first locally born and bred Labour party Member for the constituency of Motherwell and Wishaw. To be able to represent the community in which one has been brought up and where one lives is a great honour and it is a source of great pride not just to me, but to my family, friends and neighbours.

I should like to acknowledge the members of the Motherwell and Wishaw constituency Labour party who worked tirelessly for my election. I should also like to thank the voters of Motherwell and Wishaw who gave me and my party their trust on 1 May. I look forward very much to working on their behalf in the years to come.

The man whose footsteps I follow, Dr. Jeremy Bray, is not only my predecessor but a close family friend. I was his parliamentary election agent in the general election campaigns of 1987 and 1992. I am sure that all hon. Members would like to join me in wishing Jeremy and his wife, Elizabeth, a long, happy and healthy retirement.

Jeremy Bray was born in Hong Kong in 1930. He enjoyed a truly global education, which started at Eastnor village school in Herefordshire. He then attended Clefoo missionary school, China; Aberystwyth grammar school; Kingswood school, Bath; Jesus college, Cambridge and, finally, the illustrious Harvard university. He was a journalist, economist, mathematician and author.

Jeremy first entered Parliament as the Member for Middlesbrough, West in 1962. In 1965, he led the campaign against cigarette advertising. It seems that it has taken some of us nearly 32 years to catch up with Jeremy's advanced thinking.

My predecessor enjoyed various stints as Parliamentary Secretary—in the Ministry of Power in 1966 and in the Ministry of Technology in 1967, a post which he held until his resignation in 1969. He lost his seat for Middlesbrough in the 1970 general election, but re-entered Parliament as the Member for Motherwell and Wishaw in October 1974. Later, the constituency was renamed Motherwell, South. He was reappointed Labour's science and technology spokesman in 1989 and held that post until 1992.

To me, Jeremy Bray's finest performance in the Chamber was in April 1990 when, still recuperating from a life-saving heart bypass operation, he determinedly turned up to speak in defence of his constituency steelworks at Ravenscraig. Those works and its 10,000 steelworkers ultimately suffered from what they described as a death by a thousand cuts. To his great credit, Jeremy fought against every cut along the way. I had the honour and privilege to be Jeremy's parliamentary election agent and I now have the even greater honour of being his successor.

Until recently, Motherwell and Wishaw was at the heart of industrial Scotland. Indeed, to many we were the heart of it. The area played an integral part in a proud industrial heritage. That heritage gave conception to the famous steelworks of Lanarkshire, Dalzell, Clyde Alloy and Ravenscraig. They all played a crucial part in the manufacturing sector of Scottish life but, today, after years of dereliction, only Dalzell remains in operation.

The steelworks had a fiercely proud and efficient work force who prided themselves on their steel-making expertise. Indeed, as a Ravenscraig steelworker for 14 years, I hope that in my new parliamentary career I am able to find the same level of friendship, honesty, professionalism and dedication among my fellow parliamentarians as I did among my fellow steelworkers at Ravenscraig.

When those same steelworkers were about to retire or be made redundant, they used to say, "Listen son. You can take the man out of the steelworks but you can't take the steelworks out of the man." How right they were.

Motherwell and Wishaw, and Lanarkshire as a whole, might have lost the steelworks, but we have not lost our steel determination to rebuild our communities and create a new dynamic base for the manufacturing service sectors that will become the new heartbeat of our resurrection from industrial decay and decimation. Our small retail shops have a major part to play in that resurrection.

The regeneration of Motherwell and Wishaw, and of Lanarkshire, has already started. Inward investors realise the potential of an area where workers have shown their ability to adapt to modern technology and work practices. The area, which is at the heart of west central Scotland, is rich in skilled labour and modern purpose-built units and has a first-class infrastructure. It is an area in which people look after their neighbours and recognise the importance of family ties. They genuinely want to create a better life style for their children and their children's children.

Motherwell and Wishaw is made up of two towns with their own distinctive areas. Forgewood, Jerviston, Flemington and Muirhouse are among those in Motherwell and Craigneuk, Netherton, Coltness and Pather are among those in Wishaw. The constituency is also home to the old mining communities of Cambusnethan, Waterloo, Overtown, Carfin and New Stevenston on its outer edges.

As hon. Members have probably gathered, Motherwell and Wishaw is not an area of leafy country villages and rolling meadows, but it is a constituency with a heart and with feeling. It has a steel determination to rebuild itself for the new century and the new millennium. As a new Labour Member with a new Labour Government, I very much look forward to playing my part in its resurrection.

10.18 am

Mr. Colin Breed (South–East Cornwall): I congratulate the hon. Member for Motherwell and Wishaw (Mr. Roy) on his maiden speech. His comments about Ravenscraig will have struck a great resonance in many of Cornwall's tin miners, who suffered at the same time—it was not that long ago. I remember our feelings of solidarity with that part of the country although, of course, we were a long way away from it.

Small family retail shops have been the mainstay of shopping centres for decades and have provided jobs that contributed directly and indirectly to the local economy.

[Mr. Colin Breed]

Until recently, a number of small shops in my constituency took produce from local suppliers up and down the Tamar valley, where small horticultural operations provided them with fresh fruit and vegetables, but the rapid decline of the small shops and the prosperity of our town centres has knocked out many small horticultural operations and so caused even more job losses. The combination of high rents, the foolish introduction a few years ago of so-called upward only rent reviews, the imposition of the uniform business rate and the extraordinary growth of out-of-town supermarkets even in very rural areas have all contributed to the loss of small retail concerns from our high streets.

The latest competition, as my hon. Friend the Member for Roxburgh and Berwickshire (Mr. Kirkwood) mentioned, comes from charity shops. I am certainly not against charities trading in the high street. In many respects, they provide a useful service to the community, but their enormous growth in recent years has had some detrimental effect. They have affected some towns in Cornwall, where they have put out of business long-standing second-hand shops and shops that traded in used furniture. They are helped by their ability to use voluntary labour and to receive business rate relief. They sometimes pay higher rents, but they can also pay lower rents because of the value of covenants on leases. Many landlords greatly value the opportunity of leasing premises to a national charity rather than to a small family firm that may be considered vulnerable. All that makes for uneven competition.

Many local councils try to raise additional income—using one of the few means possible—from their car parks. As local councils' responsibility for the rates of retail operations has been removed, they have raised car parking charges. Perhaps they have had slightly less interest in the health and prosperity of the main street because of the operation of the uniform business rate. Not unnaturally, more shoppers choose to avail themselves of free parking in out-of-town centres, being unwilling to pay ever-increasing car parking charges in our towns.

Sales by small retailers have declined considerably over the past 10 years with the rise in out-of-town retailing, and more and more in-town units are being left empty.

Mr. David Heath (Somerton and Frome): I agree with my hon. Friend about the effect of the uniform business rate on smaller towns. Does he agree that a significant problem for market towns in constituencies such as ours is that they fall between the assistance that is available from the Rural Development Commission, rural development area status and so on, and the urban programmes that apply to larger towns? While that does not fall within the responsibility of the Minister, she may wish to make that point to her colleagues. Our market towns are suffering from competition from larger conurbations.

Mr. Breed: I agree with my hon. Friend. That is one of the many issues that need to be addressed in a comprehensive review.

The situation in the high street has been made worse recently by the amalgamation of building societies, some of which have moved from the high street, and the reduction of the number bank branches. Often, such units are harder for ordinary retailers to occupy. They stand empty, gathering dirt and dust and creating blight on the high street. Town centre planning policies must take account of those new developments, which affect almost every high street in every town. They are changing the shopping scene and the way in which we use our high streets.

I hope that the Government will urgently consider ways to support the remaining small retailers. They have a distinct function, particularly in respect of competition. They are fighting a difficult battle, but if there is not to be a further drift to what would be almost a monopoly for the large supermarket retailers, which now have some 60 to 70 per cent. of all retail sales, some provision needs to be made for small retailing units in our high streets.

The former Government recognised the problems of small village post office stores. Many grateful post office storekeepers in my constituency were very pleased. Although it came rather late in the day and was rather modest, that initiative addressed the problems. Virtually the same problems are hitting our high streets. Some towns are considering the use of town centre managers to co-ordinate the activities of retailers in the high street by bringing them together to market themselves more forcefully to local consumers to provide some measure of competition for large out-of-town retailers, but they need additional assistance. If the retailing centres that form a valuable part of our smaller towns are not to decline further and family businesses are not to continue to close, they need support.

10.26 am

The Minister for Small Firms, Trade and Industry (Mrs. Barbara Roche): This has been an important and interesting debate. I congratulate the hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) on having chosen the topic. I thought that the debate would range far and wide, and it did, but it focused on some real concerns. Many issues were raised and much of what the hon. Gentleman said chimed with what was said by other hon. Members. I hope to be able to respond as fully as possible. The headline topic for this debate is small retail shops. The feelings expressed by many hon. Members show how socially essential we believe small independent retailers can be.

We had the privilege of hearing the excellent maiden speech of my hon. Friend the Member for Motherwell and Wishaw (Mr. Roy). He paid a sincere and well-deserved tribute to his predecessor, who is a friend of us all. I have no doubt that what he said about his constituency, his pride at having been born and brought up there and his great feeling for the area will mean that over the years he will be a fine and able representative and make an outstanding contribution to the work of the House. We also heard a good contribution from the hon. Member for South-East Cornwall (Mr. Breed), who echoed some of the concerns that have been mentioned.

The contribution of this vital sector is important. Small retail shops provide the variety, choice, vitality and diversity that consumers desire. It is that vitality, diversity and convenience which the public—the people we represent—miss so much when those shops disappear. I shall explain later how the new Government are determined to improve matters by forging an effective partnership with all sectors of business in this country.

I shall first put the United Kingdom's retail sector into context. Retailing is vital to our economy. Sales of about £160 billion mean that it accounts for almost one quarter of gross domestic product expenditure. Retailing gives direct employment to almost 2.5 million people, with many others providing services to support that activity. The retail sector also accounts for more than 30 per cent. of the UK's commercial property portfolio. Those are impressive statistics.

Mr. Kirkwood: It is helpful to place the sector in context and show its importance and value, but is the Minister satisfied that the statistics available to her are disaggregated to the extent that she can identify what is happening in the high street? The statistics are important and powerful, but I suspect that the vast majority of that value is generated by much bigger businesses than some of those on which we are focusing this morning.

Mrs. Roche: It is interesting that those independent outlets contribute about 25 per cent. of the figure—they play a significant part.

Today's debate has provided us with an opportunity to acknowledge the significant part that small retailers play in our day-to-day lives. Many people enjoy having the daily newspaper delivered through their front doors, although I suspect that hon. Members' enjoyment depends on what the daily newspaper has to say. Unlike the independent newsagent, however, we do not have to get up at 4 or 5 o'clock in the morning to organise deliveries. At the other end of the day, when people drop in at their local convenience store to buy essential items that they need, they may meet a shop owner who has already been working for more than 12 hours. It is a hard, competitive and difficult life. As the hon. Member for Roxburgh and Berwickshire and others have said, competition from larger supermarkets and other retailers has made business even tougher.

The hon. Members for Roxburgh and Berwickshire and for South–East Cornwall mentioned the problem of crime, which is a real problem for many of our small retailers. The Forum of Private Business, one of our small business organisations, has done a great deal of valuable work on this subject, which is a matter of concern. There clearly needs to be close co-operation between the police, local authorities and the business community to ensure that our town centres are as safe as possible. I know that when my right hon. Friend the Home Secretary introduces the crime and disorder Bill in the near future he will have those considerations very much in mind.

The reasons why retail competition is so strong are as many and varied as the topics in today's debate. Changing life styles and expectations, differing family circumstances, new product ranges and consumer services, the growth of supermarkets and other large stores, have all combined to produce a dynamic sector. If one stands still in retailing, as in any business undertaking, one loses ground.

Mr. Andrew Stunell (Hazel Grove): The Minister spoke about crime, a subject which causes as much concern in small shopping centres as in large town centres. The outgoing Administration made grants available through the Home Office for closed circuit television in many centres. Does the Minister agree that that programme should be developed and extended in future? There is plenty of scope for partnership between local authorities, retailing organisations and local traders groups, but financial prompting is often needed. Perhaps the Government will see their way to providing it.

Mrs. Roche: In opposition, we always supported closed circuit television, which can be very useful. In the Wood Green shopping area in my constituency, we are about to install closed circuit television after an enormously successful pilot project. A possible assault on a police officer was prevented and a missing child was returned to its parents. I agree that close co-operation between all the major players is necessary and I will bring the hon. Gentleman's remarks to the attention of my right hon. Friend the Home Secretary.

While considering the good things that the sector has to offer, we must acknowledge that there has been a substantial reduction in the number of retail businesses in the past 10 years. Almost 50,000 retail businesses have disappeared in that time, the vast majority of which have been single shops. While some of those businesses may have been taken over by larger retailers, the hon. Member for Roxburgh and Berwickshire graphically described, through the example of Hawick, what many hon. Members will also know from their constituency mailbags and surgeries—that a large number of those small retail businesses have been forced to close. That has brought severe hardship to the shop owners and their families, as well as in many cases the loss of lifetime savings and even retirement nest eggs. The policies of the previous Administration have certainly contributed to the pain suffered by independent retailers.

I do not intend to dwell at length on the failures of the previous Administration, but I feel that I must comment on the approach taken to planning policy, an important subject which the hon. Member for Roxburgh and Berwickshire outlined. The latter part of the 1980s saw a virtual free for all on retail planning which led directly to the disappearance of high street diversity and a reduction in consumer choice. I acknowledge that two attempts were made in this decade to reimpose tighter retail planning guidelines and that the sequential test for new retail shopping developments, together with impact assessments, now provides local planning authorities with a much sounder base against which to judge planning applications.

As my ministerial colleagues have made clear, we do not propose to review the English retail planning guidelines at present, although we are concerned to see them applied firmly and consistently and to monitor their effectiveness. However, the review of the Scottish retail planning guidelines which started in March is continuing.

Those stricter guidelines were too late, however, to save many small independent retailers. It was a classic case of leaving the stable door open for too long. While I accept that consumers have welcomed some of the new out-of-town developments, the consequences of the then Government's planning guidelines for small high street retailers cannot be over-estimated. There are too many examples of shopping centres and high streets closing. People do not go to areas where there are boarded up shops, and a vicious circle is created. People do not want to go to shops in those areas, so the shops close and crime proliferates. We all have experience of that as constituency Members of Parliament.

What do the new Government want to do? First, we have made it abundantly clear that we regard small firms as vital to the success of an enterprise economy.

[Mrs. Roche]

A healthy, vibrant small business sector creates wealth and employment and generates new ideas and products—small retailers fall within that category. We are determined to deliver the right conditions so that small retailers and other small businesses can thrive and grow.

The Government are firmly committed to making Britain a prosperous and competitive nation. Last month, my right hon. Friend the President of the Board of Trade outlined the Department's agenda to achieve that. It is a programme to forge a real and effective partnership with business. The "Competitiveness UK" agenda comprises a number of different elements and I assure hon. Members that the role of small and medium-sized enterprises, especially small retailers, will be part of that agenda.

Unified business rates have been mentioned today and there is no doubt that the system is widely disliked and perceived as being unfair. That message came out loud and clear at the "Your Business Matters" conference set up by the previous Government. It also emerged from the report undertaken by the Institute of Directors, which brought together some of the comments made during that consultation process. The small retail sector has certainly had to bear the burden of that system.

We are committed to carrying out a full consultation with the business community about returning to a locally set rate. One of the advantages of localising the system is that it gives a locus for the major partners—local authority, police and business community—to get together on many issues, such as closed circuit television, cleaning up town centres or other exciting initiatives in the high street. Where the local authority, police and business community—especially the small retail sector—all work together, the effect in terms of delivering an enhanced service cannot be underestimated and we strongly support such collective efforts.

Several hon. Members mentioned the growth of charity shops—an issue which is frequently raised by the retail sector. Our debate has been a well-balanced one and it has been acknowledged that the alternative to the presence of charity shops would probably be vacant premises, boarded-up shop windows and a generally rundown appearance. However, I also understand the strength of feeling among small retailers who regard charity shops as unfair competition.

This is a sensitive issue and Parliament has previously recognised the importance of charity shops to the fund-raising efforts of charities. In the United Kingdom, we are proud of the generous support that so many people give to various charities. Specific legislation allows, in certain circumstances, a partial and discretionary relief on rates. Charity shops are, of course, a valuable source of revenue for the charities concerned and I am sure that we have all seen reports of how charities' funds have dropped dramatically recently. Charity shops often enjoy the benefits of being staffed by volunteers and of reduced rentals for the property.

I can only say that we have no plans at present to change the current overall position on charity shops, but we will keep in close contact with hon. Members on both sides of the House who wish to raise these issues and with the business community in general and the small retailers sector in particular.

I have already touched on town centre improvements. Combinations that bring together local authorities, police, business, chambers of commerce and other organisations help town centres to grow and prosper.

We will also work within Europe to ensure that British views are heard and respected. We will shortly complete the Government's response to the EU Green Paper on commerce, which was published late last year. Cross-departmental work was mentioned and I assure the House that, in co-ordinating the Government's response, we are ensuring that such work and consultation take place.

We shall also be seeking other ways to help the UK retail sector where resources permit. I was very pleased that among the recent announcements of winning bids in the sector challenge was a successful bid from the Booksellers Association. The Booksellers Association project is based around improving members' competitiveness by creating an Internet site which delivers information both to members and to the public. The association has a broad membership of which some 2,000 are single site shops and a key objective of the project is to ensure that those small retailers add value to their businesses by helping them to compete more strongly.

We are also considering a proposal for support for a project aimed specifically at small grocery shops. The project will aim to increase the awareness of the benefits of using modern technology in those shops. I am sure many hon. Members will wish to join me in paying tribute to the small grocery shops which, in many towns, are the cornerstones of their communities and, moreover, are now run by members from our ethnic minority communities. They make a great contribution not only to the commercial viability of our towns and villages, but to the social fabric of our lives. Pensioners and other people who may not have ready access to a car find such shops extremely helpful.

New technology has been mentioned and I believe that it can play a significant part in the lives of small retailers. I recently visited a well-established, family-run business in my constituency and went behind the scenes to see how everything was baked fresh on the premises. New technology is playing its part in that business.

Mr. David Heath: Has the Minister's Department considered the potential of lottery terminals which, for better or worse, are in many shops nowadays? They are an underused information technology connection which could provide a much wider shop floor to isolated or small shops. Is that something her Department has considered?

Mrs. Roche: No, but I was about to say that in our manifesto and in the documents on the small firms sector that we produced in the run-up to the general election we discussed our ideas for what we called the enterprise zone, whereby small and medium-sized enterprises could be put on-line with a dedicated site on the Internet. In that way, small businesses would have access to information that might be of great use to them. If the hon. Gentleman will write to me on that subject, I shall be only too pleased to consider his comments and bring them to the attention of my right hon. Friend the Secretary of State for National Heritage. Plans for the enterprise zone are under way and the hon. Gentleman may find the proposals of great interest when they are launched.

The Government are also pushing forward with help for small retailers in respect of training. Advice and support are, of course, available to all firms through

training and enterprise councils—local enterprise companies in Scotland—and business links. Small firms may receive assistance to improve their in-house capacity to train or to work towards the investors in people standard. We certainly want to see more initiatives to help the independent owner-manager, because in the past owner-managers have been somewhat left out of some of the training initiatives. As the Minister responsible for small firms, I am concerned to ensure that we do not forget the training and skills that owner-managers wish to acquire as their businesses grow and prosper and they want to move forward.

A number of projects are already examining the needs of small retailers. Five projects involving groups of small retailers, under the skills challenge, are nearing completion. Meanwhile, a management development project currently under way in Lincoln aims to design and deliver a retail management development programme for owner-managers of small retail outlets. The programme also involves branch managers of larger retail organisations in Lincoln and the surrounding areas. The programme draws on sector standards and aims to improve the competence of the participants, thereby helping them to improve the performance and competitiveness of their stores. I welcome such projects. There is much to be gained in retailing and other aspects of business life from small and large firms working together for their mutual advantage.

We have had a very good debate today, although it is difficult to do full justice to the importance of the independent retail sector in such a short time. I nevertheless thank the hon. Member for Roxburgh and Berwickshire for bringing the subject to the House today; I also thank other hon. Members for their positive contributions.

I hope that I have shown that the Government are already taking action to help small retail shops and are determined to push on by tackling other areas such as business rates. That will involve many Departments working together in the type of co-operative initiative for which the hon. Gentleman has called. We shall make sure that that co-operation is enhanced; our response to the EU Green Paper on commerce gives us the context in which to do that.

There is clearly a great deal of interest in the House in this subject. We will certainly give it the full attention that it deserves. Our small shops are vital to life in the United Kingdom, and they deserve our support—and the support of constituency Members of Parliament at local level. I can assure the House that the Government will give these shops all the encouragement that they need to enable them to succeed: they deserve no less.

10.51 am

Sitting suspended.

11 am

On resuming—

Mr. Peter Lilley (Hitchin and Harpenden): On a point of order, Mr. Deputy Speaker. May I draw to your attention a very serious matter relating to the deliberate release of information about the contents of the Budget to journalists before the Budget has been delivered to the House? Can you confirm that the last time that a Labour Chancellor deliberately released contents of the Budget that he was about to deliver in the House he subsequently felt honour bound to resign as Chancellor of the Exchequer?

Earlier today, I was contacted by journalists who told me that they had received explicit confirmation from the Treasury that the Budget would, among other things, include the abolition of tax relief on private medical care for the half a million elderly people in this country who provide for themselves. There is, I think, no precedent for the Treasury giving such advance briefing on such matters, and in today's *Financial Times* there is a statement that, following market stories about the possible abolition of advance corporation tax credit,

"A senior member of the government said: 'The markets are bonkers . . . we are pressing ahead.'"

This is, of course, an extremely market-sensitive matter, as well as a matter affecting the authority of the House. Can you confirm that when, in the past, the contents of Budgets have been leaked by those who have not been authorised to do so, there have been police investigations of the matter? Would it not be appropriate in this case that you or Madam Speaker authorise an investigation, establish who is the

"senior member of the Government"

who has been leaking matters to the press on highly price-sensitive issues, have them brought to the House and have the details of your investigation brought to the House, so that we may know why the Treasury is now behaving in such an extraordinary fashion for which there is no satisfactory precedent?

Mr. William Cash (Stone): Further to that point of order, Mr. Deputy Speaker. On the occasion in 1947 when something similar occurred—leading to the resignation of Sir Hugh Dalton—subsequent to the matter being raised in the House a Select Committee on the Budget Disclosure was set up. As things develop today, as the information becomes clearer, would you not accept that that course should be followed and that the matter should be thoroughly investigated, because this is not only a matter which affects the markets but a great contempt of the House?

Mr. Denis MacShane (Rotherham): Further to that point of order, Mr. Deputy Speaker. You may recall that in September 1996 it was widely leaked in the press that profit-related pay would be phased out in the November Budget—which did happen—allowing a large number of companies to set up PRP scams before the Budget. No disciplinary action was taken against the Ministers responsible and no investigation was undertaken by the House or by the Treasury. This is synthetic froth; the House should get on to the debate.

Mr. Deputy Speaker (Sir Alan Haselhurst): First of all, it is not the responsibility of the Chair to rule on matters which occurred in the past. As to the present matter, it seems to me that it is a Government matter and not one on which the Chair can rule as to what has happened. Ministers will have heard what has been said and doubtless there will be opportunities, today or subsequently, for further comment on the matter.

Hon. Members: Now.

Sir Patrick Cormack (South Staffordshire): On a point of order, Mr. Deputy Speaker. You will be presiding over

[Sir Patrick Cormack]

the Budget statement this afternoon and in your capacity as Chairman of Ways and Means you must surely be deeply disturbed by what has been said by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley). May I ask you to suspend the sitting to make investigations and then to report back to the House as to whether you are satisfied that the Budget has been leaked? If it has, it is a situation wholly without precedent because, despite what my hon. Friend the Member for Stone (Mr. Cash) correctly said about the late Dr. Dalton, the circumstances in that case were very different.

Mr. Deputy Speaker: I do not believe that this is a matter on which the Chair can rule. If the alleged leak has taken place, it is a matter for the Government to pursue; it is for the Chair to determine that the Budget statement will still be delivered in the normal way.

Mr. Lilley: Further to that point of order, Mr. Deputy Speaker. I entirely accept that this is a matter relating to the Government, in that the Government are the culprits, but the point made by my hon. Friend the Member for Stafford—

Sir Patrick Cormack: Stone.

Mr. Lilley: I am sorry. The point made by my hon. Friend the Member for Stone (Mr. Cash) was that on previous occasions such things have been dealt with as a matter for the House and investigated by a Select Committee of the House. Surely it would be appropriate to consider whether we should take similar procedures on this occasion to investigate the deplorable insult to the House and the dangerous treatment of the markets by the Government.

Mr. Dale Campbell-Savours (Workington): Further to that point of order, Mr. Deputy Speaker. What is the position? No allegation has been made by a member of the Opposition that the Chancellor of the Exchequer leaked the Budget. That has not been alleged. What has been alleged is that some minor official in the Treasury may have made a statement that was subsequently commented on by a member—possibly—of the Government to a journalist. In other words, we have a series of hearsay statements which the Opposition are seeking to turn into a major scandal. They will fail.

Mr. Michael Fabricant (Lichfield): Further to that point of order, Mr. Deputy Speaker. The hon. Gentleman may be unaware that the *Financial Times* states:

"A senior member of the government said".

It was not an official. As you will know, Mr. Deputy Speaker,

"A senior member of the government"

is the code for the Chancellor himself.

Mr. Deputy Speaker: This is not an matter that can be debated at this moment. There is a subject for debate before the House at present. I do not believe that it is for the Chair to rule as to whether subsequent action is taken. Any decision which might or might not be justified for the purposes of investigation by a Select Committee or any other means would not be determined by the Chair.

Obviously, there will be other opportunities for such a matter to be raised if it is justified, but I can see no point in these proceedings continuing further at this time. We must move on to the debate.

Exchange Rate

11.7 am

Mr. Austin Mitchell (Great Grimsby): I was delighted to see the full attendance by Opposition Members for the debate; I thought that, after 20 years of maintaining an overvalued exchange rate, they had actually come along en masse to testify to their conversion to a belief in competitive exchange rates. Now that they are leaving the Chamber because they cannot face hearing the catalogue of their failures, I am a little disappointed, especially because this is an extremely important subject—potentially more important than this afternoon's Budget statement in its effects on the British economy. I am delighted, therefore, to have the opportunity to draw attention to it in this debate.

We are facing an unprecedented increase in the pound sterling exchange rate—in other words, in the competitive price of our exports on export markets—which has taken us back to the levels that we were at when we were in the exchange rate mechanism. The pound is now at a five-year high. That is the prelude, in my view—in my fears—to an industrial blood letting of the type that the two previous highs, in the early 1980s and the early 1990s, produced in British manufacturing.

The exchange rate has the potential to undermine anything that the Chancellor does. Unless British industry has the prospect of competitiveness—in other words, of generating profits—we shall not get the investment that we want in our economy. Unless there is a prospect of demand for industry's product, we cannot generate new jobs and put people back to work.

The exchange rate rise threatens both profitability—and therefore investment—and employment. The facts are stark. In the year to April 1997, the pound rose by 17 per cent. against the ecu, by 22 per cent. against the deutschmark, by 7.6 per cent. against the dollar—which is rising itself—and by 26 per cent. against the yen. Those are the currencies of our competitors.

This morning, *The Guardian* says that the pound is 26 per cent. higher against the deutschmark and the franc than it was last August. Those are horrifying figures. That direct loss of competitiveness comes at the end of a long period in which the pound has been overvalued. Indeed, it is a long period in which our relative export unit cost—the measure of our prices against those of our competitors for manufactured goods—has risen.

John Mills has calculated for me that, from 1973 to 1997, the loss of competitiveness on relative export unit costs was between 40 and 50 per cent. It is difficult to have a more precise calculation because the bases keep changing but an increase of 40 to 50 per cent. in the price of our manufactured exports is disastrous for competitiveness. What would happen to Sainsbury if it faced such price rises on its shelves when Asda or Tesco did not? Sainsbury would quickly close, which is the effect of that sustained rise on the British economy.

What can British industry do? Although it can cut costs, fire workers or stop research and development and other measures that contribute to its long-term survival, it can do none of those on a scale adequate to compensate for the increase in its prices which the exchange rate has forced on it against its will and its judgment—a force outside its control. That rise in prices threatens it with disaster.

People tell me that exports are doing well. So what? Firms continue to export without profit just to retain their share of the market because they know that once they are out of the market, they cannot get back in. That has been the history of British failure for 20 years, so companies naturally try to keep their exports going without a profit by holding their prices against the rise in the currency. That, however, is a finite process—it cannot continue for a sustained period. People said that trees had survived the drought, only to find that they suddenly collapsed because they had been rotting from the inside.

The main threat from the rise in the exchange rate is to manufacturing, because that is our front line. Manufacturing generates 60 per cent. of our exports. It is an extremely competitive market, which is becoming ever tougher and more competitive as the industrial power of the young dragons of the far east grows. Price is crucial in manufacturing exports because they must be sold at a price that generates a profit sufficient for companies to invest, stay in the game and expand. Unless their exports grow, they are dead in today's competitive world. And unless we can sell exports at a price that allows all that, manufacturing companies' long-term prospects are disastrous. They must run at full capacity and use that capacity to keep down their unit costs. As exports suffer, capacity usage declines and unit costs rise.

All that does not happen immediately, but early warnings are already appearing in company reports. I have been poring over company reports, profitability forecasts and warnings issued by companies, which show that companies are cutting investment, transferring production overseas and slimming down their work force. Profitability is now falling rapidly in crucial sectors, such as building materials; textiles; food manufacturing, which is a problem for Grimsby; pharmaceuticals; the tourism and leisure industry; and in oil.

British Steel has supplied a briefing to Members of Parliament warning of the consequences in dire terms for British Steel and all the firms who use its products if the exchange rate rise continues. It says:

> "Britain's loss of competitiveness will also damage the UK's attractiveness to inward investment.
>
> Sterling's overvaluation will have an increasingly negative effect on UK manufacturing industry exports.
>
> The surge in sterling's value against the German DM (and other ERM currencies) is already adversely affecting the competitiveness of the UK economy."

ICI has issued warnings along the same lines and is sensibly transferring production overseas. Stirling Tubes in Walsall, Pilkington, the British Tourist Authority, Vero and Halma—new technology companies have fantastic names—have all issued warnings. I notice that they are all quicker to warn of the adverse consequences under a Labour Government. Under a Tory Government, they might have kept quiet for longer. I hope that the Government will respond to the warnings, but those companies are certainly quicker to cry pain under Labour whereas under the Tories they tended to grit their teeth and suffer. They do not do that now because they know what the consequences will be, and those will inevitably occur after a time lag. First, there will be cuts in research and development and in what is necessary to keep up with the field; secondly, investment and in everything necessary for survival will be cut; thirdly, jobs will then be cut and unit costs will go up. Eventually, the firm will go under.

[Mr. Austin Mitchell]

The tragedy is that we have seen it all before. Each time, we have had the same comfortable reassurances that we are getting now. We are assured that we can weather the problem and that British industry is competitive, lean and mean because it is dynamic. That is rubbish. The consequences for British manufacturing are the same now as they were in the two previous bouts of overvaluation. It is simply a truism to say that British industry is competitive at this exchange rate. By definition, any firm that still exports is competitive at this exchange rate. The problem is whether it generates sufficient profit to continue. In reality, it does not. Companies cannot learn to live with such a high exchange rate; they can simply learn to die with it.

The laws of economics and of elasticity and demand will not be suspended for new Labour, just as they were not suspended for the Tories. Exactly the same will happen now. The symptoms, the overvaluation and the warnings are the same as in 1979–82, when the Thatcher Government generated a massive overvaluation, and in 1989–92, when we belonged to the exchange rate mechanism. The collapse of the ERM afforded us some relief and made us competitive again—without disastrous inflationary consequences.

People say that if the pound comes down, we shall face inflation. That was disproved by the ERM experience. The same will now happen with consequences for manufacturing and for our balance of payments. The reverse J-curve effect occurs here. Just as with a devaluation, things get worse before they get better as the J-curve effect makes the balance of payments adverse initially before improving it enormously. With an overvaluation, therefore, it is the other way round and the reverse J-curve effect makes the balance of payments better before making it worse long term. Those balance of payments consequences will occur next year, when the balance of payments deficit will rise. The public sector deficit will also rise because workers will have been fired and will pay less taxes, and expenditure on benefits will also rise. Moreover, the public sector borrowing requirement will rise as a consequence of the decline in manufacturing.

We must tackle the central question: "Why is that happening?" This country has always been predisposed to an overvalued exchange rate because in our economy finance is strong while manufacturing is comparatively weak. The manufacturing industry is less listened to by the Government and has less influence on the counsels of the nation than the finance industry, which sits at the centre of our economy with its glorious City dinners attended by Chancellors and thinks that it speaks for the nation. Its interests lie in high interest rates—that is what the finance industry lives by. The interests of finance are in an overvalued exchange rate, because that allows it to acquire assets and to manipulate money around the world. Those are not the interests of manufacturing. Finance has always been too strong and too much heeded in our economy.

Mr. Bill O'Brien (Normanton): On my hon. Friend's point about causes, will he comment on the fact that £30 billion is being injected into the economy by building societies acquiring plc status and paying people bonuses with their own money? Does my colleague think that that has a bearing on the heating of the economy?

Mr. Mitchell: My hon. Friend is right. I shall deal with that later. It is ludicrous that £30 billion of purchasing power is allowed into the economy. Even if people do not spend the money that they get from the shares, they still feel more confident. They feel that they have more money, so they spend more. That will produce a rise in interest rates. The Bank will warn of inflation, demand, and the threat of overheating, interest rates will go up and the consequence of that will fall on manufacturing—on the jobs of the people who are spending the money. It is one of the stupidities of our economic policy that that goes on. I agree with my hon. Friend.

The last two overvaluations were the prelude—or the consequence, because they occurred under the Tory Government—of wilful stupidity. That still exists because the Bank still influences our economic policy, but the stupidity was mainly that of the Government. In the first great Thatcher deflation, which was associated with enormous overvaluation, which in turn was the instrument of that deflation, the psychology was that British industry is like an English public school boy—it must be made vigorous, healthy, good and virtuous by exposure to punishment in the form of cold showers and frequent beatings. Manufacturing was subjected to such treatment, and 1.8 million jobs were lost as a consequence of that overvaluation.

The second overvaluation was caused by the Government's infatuation with the exchange rate mechanism. That lost us almost a million jobs in manufacturing, and about 1.5 million jobs altogether.

Now there is a little less wilful stupidity. The Government have changed, but we face the EMU mess. It cannot be described as anything else, much as my hon. Friend the Member for Rotherham (Mr. MacShane) would like to rush in and support it. There is uncertainty about whether ERM will go ahead, which is causing instability in the markets. The growing fear is that there will be a soft euro, which is bringing more money to the United Kingdom to push up our exchange rate.

Europe's problems are causing problems for us because they have the effect of raising our exchange rate. That will continue, because Europe will not clear up the mess quickly. It is staggering to see how elites are trying to force down the throats of electorates a monetary union that they do not want and whose consequences they know will be severe for them.

We will get no relief from Europe, which will go on causing us problems. The second cause of our problems is the fact that our interest rates are high—astonishingly high in real terms. I have a table from the Treasury. I believe that parts of it are wrong, but the Treasury figures show that real interest rates in 1996, adjusted for inflation, were 2 per cent. They are, of course, higher now because interest rates have gone up. In the 1970s, they were 0.75 per cent. or 0.5 per cent.—that was in 1977, for example. In some years, we had negative real interest rates. Now they are at a record high level.

The result is that money is coming to this country. The Swiss exchange rate is rising, but the Swiss are not paying interest on the money coming into Switzerland. We are paying generous interest rates, which attract more money to Britain.

Like a self-trussed turkey voting for Christmas, we have delivered ourselves to markets, by the decision to hand interest rates over to the Bank of England and, having given up the monetary weapon, by our commitment not to use the fiscal weapon by increasing tax rates. That is perfectly acceptable to markets, confidence grows and people come in to invest in sterling and push our exchange rates up.

It was curious to give control of interest rates to the Bank of England at any time, but it was daft when interest rates have such an effect on the exchange rate by which we live and on the basis of which our exports succeed or fail in world markets; and it was crazy to do so at a time when the pound was going up anyway. That concession of interest rates pushed them up further because the Bank's thinking is, "When in doubt, raise interest rates." Its highest wisdom is to put up interest rates. It always thinks that the economy is overheating. Any glimmer of growth, and the Bank of England is howling that the economy is overheating. Three per cent. growth is pathetic by any standard for rebuilding our manufacturing base and generating jobs and well-being for the people, but the Bank is panicking. The financial committee warns of overheating and says that it is terrible.

The Bank always thinks of manufacturing industry as greedy workers and greedy shop stewards demanding more money if the economy expands. The real pressures for inflation come from the financial community and the City—as my hon. Friend the Member for Normanton (Mr. O'Brien) said, by pumping out money from demutualisation, which is in its interest—and from high pay in the City and lax credit. Most of the economic revival in the UK is due to an increase in the money supply produced by credit being poured out by the financial institutions.

The Bank blames manufacturing and, instead of dealing with the causes—the financial community itself and its methods of operation—it clobbers manufacturing with high interest rates and an overvalued exchange rate to make it suffer for the sins of others. That is a marvellous way of running an economy, but it is disastrous for any country whose economic base, like ours, is not wide enough and needs to be expanded. The asset inflation generated by finance, and not wages, is the only true cause of the current inflation.

The Bank of England is fighting inflation long after it is dead. That is necrophilia. Inflation is no longer a threat. It is in a glass case somewhere in south-east Asia. The enhanced competition of those economies, plus the breaking of wage inflation and the power of labour in the UK, which has been a tragedy in many respects, means that inflation is dead, yet the Bank of England is still clobbering manufacturing industry, which it sees as the cause of inflation. That is crazy economics.

Mr. Denis MacShane (Rotherham): Can my hon. Friend guide us by explaining why our inflation rate is none the less still significantly higher than that of the United States and most of our European partners, including those growing more strongly than we are? If wage-led inflation is dead, why is the anger over fat-cat pay feeding down into the labour market? We are seeing serious claims for 5, 6, 7 and 8 per cent. pay rises this year in many sectors.

Mr. Mitchell: I hope that my hon. Friend does not identify with the "Clobber the workers" theory of economics, which the Bank of England propagates. I hope that he will say something about information such as that published by British Steel, which affects his constituency vitally.

Our difference in inflation is marginal. The experience of the past few years both in the United States and the United Kingdom is that a fall in the exchange rate does not generate the inflationary consequences that were widely feared. For practical purposes, inflation is dead. To put it at the centre of economic policy, when the real problem is insufficient jobs, insufficient growth and a weak industrial base, is to live in the past and to fail. Whenever we get an expansion in the UK, we kill it.

Mr. Dale Campbell-Savours (Workington): I have been following my hon. Friend's logic closely and I agree with much of it, although not with his general position on these matters. If he argues that interest rates are at the core of high exchange rates, what does he suggest is the best way to manipulate interest rates down? Can he give us his agenda?

Mr. Mitchell: I am grateful that my hon. Friend is following my argument—with enthusiasm and joy, I hope, as it affects his part of the world as well as mine. I shall deal with the matter shortly. I did not say that interest rates were the only cause of high exchange rates. I said that turmoil in Europe was one of the major causes, as well as the strength of finance and the prevailing orthodoxy in economic management, which is attractive to speculators in this country. All those are part of the equation and must be taken into account.

I was arguing that the first response was to clobber manufacturing, and that raising interest rates was one of the instruments by which that was done. However, we live by manufacturing. It provides most of world trade and is the basis for most of our trade deficit. Do we in Britain never learn? We are heading the same way as we were before two previous disastrous blood lettings, at a time when we need to widen our industrial base and develop new industries. Manufacturing has been through 20 years of slimming down and overvaluation and it is suffering from anorexia instead of having a lean, mean, "Let's get at the markets" mentality. The position will be made worse by the battle against inflation that dominated the late 1970s and the 1980s. Overvaluation as a means of fighting inflation will have the same consequences now as it did then.

I do not want those consequences to occur under a Labour Government. If we are not going to redistribute wealth and increase taxes—and it is right not to increase taxes—we can generate the extra public spending that we need only through economic growth achieved through getting people back into work. How can we achieve that when overvaluation is leading us into the economic trap that I have just described? We cannot narrow the tax base any more by such blood letting without disastrous consequences for Labour's programme as well as for borrowing and without producing exactly the circumstances that lead inevitably to more cuts and more deflation in the public sector. People will then say that the public sector is too big to be supported by the shrinking industrial base.

We are following the economics of folly. The Government cannot afford to be locked into a downward spiral with a shrinking industrial base and more

[Mr. Mitchell]

unemployment justifying more cuts in the public sector. We must expand our industrial base by remedying its two basic problems. First, we must remedy the deficiency of demand for what the British economy can produce at full capacity. Secondly, we must offer the prospect of profitability. British manufacturing is just not profitable enough. We have to make it more profitable by generating demand. We should reduce the exchange rate and let the economy move into export-led growth.

Supply-side measures will not produce those improvements. I am all in favour of supply-side measures such as upgrading skills and training, but supply does not generate its own demand. Governments generate demand, not supply. We need extra demand and a sustained prospect of competitiveness.

A lot of rubbish is talked about economic and monetary union. It has been said that unless we commit ourselves to monetary union, inward investment will no longer come to Britain. There are fears that we will be excluded from Europe. That is total nonsense. Foreign investors want not stability, but a competitive base from which to export. We can provide them with that only if we have a competitive exchange rate on a long-term basis. That would guarantee that if companies set up here they would be able to produce and export profitably in Britain and sell at a profit internally and overseas.

We already have problems because we do not have a competitive exchange rate and we have to offer foreign investors bribes to come here. For example, Nissan was offered £28 million more regional development money in Sunderland than we could offer in Humberside. So Nissan went to Sunderland. The same applies to Toyota, Jaguar, to Ford—to develop a new model and a new engine—and to BMW. All those companies were bribed with taxpayers' money to come to Britain or to stay here because the exchange rate was not sufficiently competitive to lure or to keep them here. As a result of our obsession with an overvalued exchange rate, the taxpayer has to pay out more to keep firms here and to keep Britain attractive to inward investment.

We should also bear in mind the fact that much of our so-called inward investment involves the retained profits of overseas firms that have already invested here. In terms of attracting new overseas investment, France has a better record than we do. Retained profits represent a large component of inward investment into Britain. However, those retained profits will not remain here if exchange rates remain high. The money will be invested overseas. That is what Imperial Chemical Industries and other big British firms are doing. Ford is sourcing more from Europe. Those are the symptoms of extended overvaluation and if it continues, Britain will no longer be attractive to inward investment. We will not be sufficiently competitive to justify foreign investors coming here rather than somewhere else.

The message is clear. The prospect of sustained overvaluation may be one reason why Toyota has been hesitating about making a second investment into Britain. We have to get the pound down and make the exchange rate competitive to allow exports to fall in price or to generate more profit for investment in Britain and to use the existing capacity to make imports dear.

We should use the price mechanism, which is now our only weapon for changing our competitive position, to reduce our labour costs through a cheaper exchange rate. It will be claimed that raw material prices will also rise and, of course, they will, but our role is surely to add more value to our imports and to export them at a higher price. That higher price is set by a competitive exchange rate.

If the elasticity of demand for imports and exports together is more than 1, we get direct and immediate benefits from a more competitive exchange rate—from devaluation. The elasticity of demand for British imports and exports is somewhat lower than that of our competitors. In Britain the figure is 1.51, in Japan it is 2.35 and in Germany it is 1.81. It is above the crucial balance figure of 1.

Devaluation will work. Indeed, it is the only way to expand our exports and to stop the continuing and remorseless fall in Britain's share of world trade. That is still going on and we have to turn it round. So how do we do it? I hope and believe that it is not beyond the wit of the Government to address a major problem. It has to be tackled. We might say that it is not as bad as people think, but those words would be spoken in the wind in six months' or a year's time when the consequences come through. We have to act now whatever comforting words are said.

We must move towards long-term competitiveness. Why does not my right hon. Friend the Chancellor use his mouth as a weapon and talk down the exchange rate? If he is committed to long-term competitiveness and announces that commitment, there will be an effect on the exchange rate.

Mr. Campbell-Savours: Is not the inevitable consequence of my hon. Friend's arguments that in the end he will become a passionate supporter of the single currency as we could well have the opportunity of locking ourselves in at a sensible rate? In that case, speeches such as that by my hon. Friend would be unnecessary in future.

Mr. Mitchell: I should have expected that. Fortunately, I have five pages of rejoinders to my hon. Friend as I knew he would be here this morning. However, the simple answer to him is spherical objects. There is no possibility that we will be able to lock ourselves into the single currency at a competitive exchange rate. We shall have to lock in at the market rate and, if it is the current market rate, it will be as disastrous as it was last time. My hon. Friend and I both know that.

In any case, my hon. Friend is trying to raise a divisive red herring in the Labour party. He knows that we are not going in in the first round and the decision will not be taken until after the next general election, so why is he trying to stir trouble in an ideological fashion in the middle of my speech? My hon. Friend is trying to hold me up as I approach the conclusion of my speech.

Mr. Andrew Love (Edmonton): My hon. Friend has said that today's debate is about the consequences of a high exchange rate, although he has spoken about the means of reducing it. We should be debating the means today. My hon. Friend referred to market rates, conditions of deregulation and markets. How would he propose to manage the exchange rate down to a level that he would consider to be competitive?

Mr. Mitchell: I am grateful to my hon. Friend for taking me back to the main thread of my speech—and, indeed, bringing me to a conclusion.

First, we have to use the influence of my right hon. Friend the Chancellor's opinion and announce that our rates are uncompetitive and that the Government's objective is long-term competitiveness through the exchange rate. If my right hon. Friend says that, it will shift the perspective of the markets and bring down the exchange rate.

Secondly, it is silly to be dumping huge quantities of money on the market through demutualisations—some 30 billion quid, with another £16 million to come from further demutualisations. There should be a moratorium on demutualisation.

Thirdly, we must get interest rates down. The Bank of England must be made aware of the problems it is causing. It appears to be wholly unconcerned about the exchange rate. Perhaps it is because it does not suffer the consequences—indeed, the financial community reaps the benefit through an ability to invest overseas and to manipulate money around the world. It is manufacturing that suffers the consequences.

I would like my right hon. Friend the Chancellor to take everything back under his control. A Chancellor must have power over both monetary policy and fiscal policy. He cannot run the economy without both weapons—he needs a two-gun holster. If my right hon. Friend does not take back control—and as we have not yet passed legislation, he could still intervene in these matters—the Bank of England must be pressured and persuaded to reduce interest rates.

We also need to control credit. Why not require deposits with the Bank of England, varied and charged interest or not, according to the lending policy of the institution making the deposit? We should control credit in the economy. It is silly to allow people to pour credit on to the market—it is the money supply that is causing the consumer boom and making everybody panic. If we do not control credit, the Chancellor's only recourse is a lax economic policy. He could not fund the debt. He could get ways and means advances from the Bank of England and not pay interest on them, but that would be viewed as irresponsible economics. It would be a blow to confidence. However, that is the only alternative to effective control of credit and a policy of lower interest rates, which would bring down the pound with a sure and certain touch. The alternative is a long anorexia and another industrial winddown, which we cannot afford.

The real devaluation necessary, based on the competitiveness figures, is in the region of 35 per cent.—shock, horror. In fact, the American dollar has gone down 40 per cent. since the over-valuation of the mid-1980s, without any disastrous consequences. Indeed, there has been a direct benefit to American manufacturing and the American economy. I am not saying that we should devalue by 35 per cent. at once; we should work to get the pound down over a long period. We should make that a central objective of policy so that the markets will know what we are doing and react accordingly.

We cannot treat the pound like a phallic symbol, so that the whole country—and especially the media—are proud when it is hard and filled with post-imperial tristesse as soon as it softens. That is not what the pound is about—it is a market-clearing mechanism and it has to float. It has suffered from 20 years of over-valuation. We need 20 years of competitiveness to get back into the manufacturing game and for Labour to achieve its policies. Therefore, we should simply announce that the pound is over-valued and that Labour believes in a competitive exchange rate. What is a competitive exchange rate? It is the rate at which we can balance our trade in conditions of stable growth and full employment.

11.43 am

Mr. Nicholas Winterton (Macclesfield): I congratulate the hon. Member for Great Grimsby (Mr. Mitchell) not only on obtaining this Adjournment debate, but on his choice of subject. He knows that I agree with a great deal of what he said. By saying that, I am not sure whether I am doing his reputation and prospects any harm or putting the kibosh on my own.

I declare my interest as I am the chairman of the Manufacturing and Construction Industries Alliance, which was launched within the Palace of Westminster—with the support of all political parties—to move the interests of construction and manufacturing up the public, political and parliamentary agenda.

I am glad to take this opportunity today to support the hon. Gentleman in his arguments, although I intend to concentrate primarily on the subject of interest rates, which have a dramatic influence on exchange rates, which in turn are damaging British manufacturing.

I shall begin with construction because it is a barometer of the overall success of our economy and it generates such demand in its own right—demand for building materials, fixtures, fittings, carpets, curtains, steel, brick, concrete, cement, furniture, electrical goods and decorating materials. It is a driving force for many parts of industry, including retail and, of course, manufacturing industry.

I am sure that I shall take all hon. Members with me when I say that the manufacturing sector is important because it is the only non-inflationary source of sustainable economic growth in this country or in any other. That is why, when I saw that manufacturing industry was part of the debate, I immediately took an interest. I am delighted to be making a contribution.

As the hon. Gentleman said, we are a trading nation. Despite the importance of the service sector and invisible trade—especially in the financial sector—we need to export manufactured goods to survive and to have a stable, progressive, successful economy. From the hon. Gentleman's argument and philosophy, I am convinced that that is also his objective. That is why I strongly support what he said.

The two important sectors of manufacturing and construction are linked not only by their comparative importance, but by the way that they have borne the brunt of the recent economic recession. The hon. Gentleman described what has happened as blood letting. Those two sectors have been seriously and adversely affected by the blunt way in which successive Governments, Conservative and Labour—and, indeed, the Governor of the Bank of England—have used interest rates as the sole panacea for all economic problems.

It is obvious to anyone who has been involved in industry, especially those who need to export their products, that high interest rates raise the level of exchange rates. If the level of exchange rates is raised, Britain will become less competitive. The current high level of interest rates has forced up the value of sterling

[Mr. Nicholas Winterton]

and brought about the debate this morning. That high level has created an almost insurmountable barrier to many of our exporters. It has placed a dampening hand on the first emerging breaths of confidence in the construction sector, whether it be business and commercial construction or domestic construction.

To take up the hon. Gentleman's remarks—and I entirely endorse his position—the use of interest rates is too blunt. It is too insensitive a tool to be deployed responsibly to manage our sophisticated economy. It is far too powerful a tool to have been passed into the largely unaccountable and undemocratically answerable hands of the Governor of the Bank of England, whose ideological purism and dogma-driven lust will lead him to maintain rates at higher levels than can be justified. It will leave us in an uncompetitive position compared with other countries in Europe and in other parts of the world.

The hon. Member for Great Grimsby referred at some length to the European Union, and some interventions related to Europe. The majority of our trade is done outside the European Union. *[Interruption.]* Indeed, it is. The Confederation of British Industry and others put out a lot of misleading statistics, but I assure the hon. Member for Rotherham (Mr. MacShane), who is shaking his head, that the majority of our trade is done outside the European Union, so what goes on there is of only partial interest to us.

We have a robust and healthy economy. I say that as an opposition Member: like many of my hon. Friends, I have been in the Opposition before, although for the past 18 years I have, from time to time, sat somewhat uncomfortably on the Government Benches. Our healthy and robust economy is due, at least in part, to the policies of the previous Conservative Government. It is a fact that the ogre of inflation, if not dead, is certainly firmly under control. Spiralling inflation, such as we saw under both Labour and Conservative Governments, was a product of historical, social, political and economic conditions, which no longer apply: that is, if we are to begin to believe even one word of what the new Government tell us about abandoning their bad old ways.

If the new Chancellor of the Exchequer is committed to prudent management of the economy—dare I say, following the prudent management of the Conservative Government—why must interest rates remain so unnaturally high? The hon. Member for Great Grimsby, in his interesting speech, said that interest rates in this country are abnormally and unnecessarily high. Why must British business face high interest charges when it seeks to borrow to invest in new plant and machinery and in the development of new products, which are vital if we are to remain competitive and forceful in international world markets? Why must the British service and commercial sectors face unnaturally high property prices? Why must home owners, whose support new Labour is pledged to nurture, face unnaturally high mortgage costs? We may hear some further unfortunate and bad news this afternoon.

Handing the control of interest rates to Eddie George at the Bank of England was an irresponsible and reckless folly, for which our economy may yet pay an extremely high price. The House should be able to debate that policy in considerably more detail in the near future.

High interest rates and their inevitable impact on exchange rates impose burdens, without which companies would be able to compete more effectively and become more profitable, and thus pay more taxes. The Government receive more in tax from business when there is a rise in economic growth. Without those burdens, more jobs would be created and the burdens on our social security system would be reduced. The Government would benefit, because they would get people back to work, which is one of their major objectives, for which I commend them. Putting people back in work, particularly when they are currently unemployed, would reduce the substantial social security benefit bill.

I want to send a clear message to the Chancellor of the Exchequer, who will deliver his first Budget later today. We would all be better off if he reduced interest rates, if not today, at least in the near future, because that would have an immediate impact on exchange rates.

It is a tragedy that the British economy might be hit by a double whammy: the higher interest rates that we are already experiencing and, sadly, the higher taxes that are imminent. The hon. Gentleman's message was clear. We should give our economy the boost of energy that it needs to maintain its current progress in the right direction. To bring that about, we require a reduction in interest rates, not an increase.

I expect that the comments I am about to make will fall on fertile ground among some Labour Members. We should review capital gains tax, so that unquoted companies are not unfairly penalised. We should review capital allowances, so that businesses are positively encouraged to invest: they could be targeted or capped if necessary. We should invest so that we remain competitive and are able to export, create jobs and generate extra growth in our economy. To that end, fiscal incentives are good.

I shall now say something that will perhaps not fall on such fertile ground. I believe that we should abolish inheritance tax to secure the future of many family firms. It is in family firms that real growth in industry and commerce takes place and where the majority of jobs are created. In many instances, inheritance tax is a disincentive.

We need to hit the housing market like we need a hole in the head. Housing, construction and manufacturing are a driving dynamo of our economy, and we should encourage those sectors. Mr. Eddie George regularly talks of still higher interest rates. Unacceptably high interest rates, reductions in mortgage interest relief at source, which is a small but valued help to families buying their own homes, increases in stamp duty, which is an anomalous tax that I believe should be abolished, and the possible ending of the capital gains exemption for the family home would be retrograde steps and could turn our economy from its positive, encouraging, upward course and put it into a state of stagnation and depression.

We should look to the long term and aim for low interest rates and low exchange rates. That would enable the people and businesses of this country to create genuine wealth, and to contribute meaningfully to the future of our economy and the creation of jobs.

11.57 am

Mr. Denis MacShane (Rotherham): I am grateful to my hon. Friend the Member for Great Grimsby (Mr. Mitchell) for initiating this debate. We have heard

two remarkable speeches. The contribution of the hon. Member for Macclesfield (Mr. Winterton) contained radical thinking about the importance of manufacturing. His Front-Bench colleagues should listen to him, but, alas, I fear that his remarks will fall on stony ground, because in the past 18 years there has been one long assault on manufacturing.

My hon. Friend knows that in the pantheon of socialist history, thinking has always been a left-wing deviation. I congratulate him on a speech full of ideas and thoughts, some of which were deviant. If I allow an occasional thought to slip into my speech, I hope that my hon. Friends on the Front Bench will take no notice, and will excuse my foray into the world of ideas.

Some contradictions have to be faced. If the high exchange rate is so bad for employment, why is unemployment falling as the pound is rising? If high interest rates are so damaging for British manufacturing exports, why did the high interest rates and the high pound of the early 1980s coincide? The Library has published an excellent document on economic indicators dated 1 July 1997, which shows that the last time that we had a trade surplus in manufactures was in the early 1980s, at the time of high interest rates and a high exchange rate. The situation is complex. I hate that dreadful cliché "multi-faceted", but there are many unintended consequences and the matter is difficult to get right.

I want to make a case in support of my hon. Friend the Member for Great Grimsby for a lower pound, but I want to make a stronger case for a stable pound. We have suffered, not just in the past 18 years, but in the past 30 years, from the incredible yo-yo pound sterling, going up and down. The graph in the excellent document from the Library resembles a map of the deep ocean. It has more peaks and troughs than the Swiss alps. We should aim at a lower and stable rate. I do not regard the exchange rate as a market-clearing mechanism, as my hon. Friend seemed to suggest, which we should leave bouncing happily up and down like one of those ping-pong balls on a column of water at a fun fair.

We have a specific problem in manufacturing. I have a constituency interest, in that British Steel is the major employer in my constituency. It has taken a 50 per cent. hit on profits. Last year, it had profits of £1.1 billion for investment, pay, jobs and dividends; this year, its profits are less than £500 million. A great British success story such as British Steel cannot be asked to plan for the future, to pay fairly, to treat its shareholders well and to invest here and abroad if, from one year to the next, it takes a 50 per cent. hit on its profits. That has happened because British Steel, like many engineering manufacturers, has its products posted in deutschmarks for export to Europe.

Every engineering firm in my constituency is taking that hit on profits and employment. I warn my hon. Friends on the Front Bench with all seriousness that employment in the UK may have peaked. I fear that there will be a time lag before the immense hit that all our manufacturing sectors are taking starts to feed through into workers being laid off.

Not only manufacturing is affected. Many service companies are affected. The boss of a distinguished architectural company not unconnected with the millennium dome reported to me recently that he had had to lay off staff because he was losing orders overseas. British tourism will take an immense hit, as will British Airways. It has become much more expensive to come to Britain compared with last year. It is fine for those such as the shadow Chancellor, who has a nice house in Normandy. He will have a lot more to spend on it this summer. But the high pound is damaging the promotion of British tourism and services.

That is true even in the micro economy—the world of conferences. Britain has become a key conference centre for Europe. In the past two or three years, orders for conference packages of interpretation, hotels and so on increased, but we are now losing orders to French or German companies, which can offer products in deutschmarks or French francs that undercut what we can offer posted in English pounds.

So I say to my hon. Friends and to the hon. Member for Macclesfield (Mr. Winterton), who is a doughty champion of manufacturing, that the service industry has also been badly hit by the exchange rate. The creative economy—the film and video economy in which Britain is a world leader—has also taken an immense hit.

I should love to enter into a long debate with my hon. Friend the Member for Great Grimsby about what we can do, but perhaps we should leave that for some other occasion. I want to put forward four simple ideas. First, the Treasury should drop its sublime arrogance. When the pound was high before the ERM debacle, it was the best thing that could have happened to Britain. Remember that? Two years ago, the pound slumped and that was the best thing that could have happened to Britain. Now, the pound is up at DM2.80, and that is the best thing that could happen to Britain.

The Treasury has the memory cells of a mite. It must humble itself and learn from other countries, perhaps from the United States, where for 10 years the dollar has been traded at a highly competitive rate, reflecting a rise in US exports. What lessons can we learn from the United States? Perhaps we can learn from the Netherlands, where unemployment is lower, interest rates are lower and the trading sector is stronger than in the UK. We might learn from Switzerland where, thanks to monetary measures, the value of the Swiss franc against the deutschmark has been reduced, not increased. There, not the invisible hand of the market but the visible hand of the policy makers has been applied.

Secondly—I am sorry to disagree with my hon. Friend the Member for Great Grimsby on this point—we have to maintain a low inflation policy. There are virtues in creating the independent Monetary Policy Committee for the Bank of England. I do not want our Chancellor, or in 20 years' time some Conservative Chancellor, waking up worrying about interest rates every morning of his life. The United States, which probably cleaves to many of the values about which my hon. Friend spoke, has an independent central bank. One could enter into the debate elsewhere. I should like the central bank to be advised by a committee with a more regional and manufacturing outlook, but we can discuss that later.

Thirdly, we must consider the unmentionable—labour market policy. The countries that have kept unemployment, inflation and interest rates low have an active labour market policy that does not allow wage demands to feed through into inflation. It is not clobbering workers; it is the essence of social democracy. Britain's adversarial labour market with one side up and one side

[Mr. Denis MacShane]

down has not worked. I advise my hon. Friend the Minister to turn her attention to labour market policy in order to keep a stable exchange rate.

Fiscal measures need to be used seriously, and I am looking forward this afternoon to innovative and imaginative fiscal measures in order to ensure that there are no further increases in interest rates and no further need to increase the pound's strength.

Finally, we come to the question of Europe. We shall not debate that today. I should prefer the British pound to be stable in the—

Mr. Mitchell: In a graveyard.

Mr. MacShane:—in the euro, with the other economies that have a much higher percentage of their economic base located in manufacturing than we do, which requires stability. There is no lead on that at the moment. We are not in a graveyard; we are in a complete vacuum. The Confederation of British Industry has climbed back on to the fence, saying that the euro should be put off for two years, as if it will not happen—do not see the euro; do not hear the euro; pretend it does not exist. That debate will have to resume. In a year or two, when the underlying manufacturing strengths of a low inflation and low interest rate euro are compared with the problems of not cleaning up the mess that we inherited from the Tories, it will come back to haunt us.

Yes, there are policy measures. The pound can be discussed. I do not want to advise my hon. Friends on the Front Bench to talk it down, yet that has worked in other countries. We need a competitive and stable pound with which our investors can invest, our buyers can buy and our sellers can sell, knowing over a long period what its worth will be.

12.8 pm

Mr. Edward Davey (Kingston and Surbiton): I apologise to the hon. Member for Great Grimsby (Mr. Mitchell) for having missed the first half of his speech.

Mr. Mitchell: What was the rest like?

Mr. Davey: I undertake to read it in *Hansard* to ensure that I do not miss anything of importance. However, listening to the second half of your speech—I mean, his speech, Mr. Deputy Speaker—made me think that I had heard it before.

The hon. Gentleman came to my college when I was an economics undergraduate. In his speech there, he talked about the overvalued pound and the plight of the manufacturing sector and argued that we definitely needed a devaluation. That was 10 years ago—1987—when the deutschmark was at 3.5 to the pound. That is the hole in the hon. Gentleman's argument: he has been arguing for devaluation almost whatever exchange rate we have had. That would be a continued devaluation.

Mr. Mitchell: I apologise for interrupting the hon. Gentleman again, but that is not true. I have argued consistently for a competitive exchange rate, although sometimes that would have been more competitive than at other times. That is not an argument for constant devaluation.

Mr. Davey: With due respect, it seems to me that that was exactly your argument. You talked about going for a competitive pound, but in 1987 you seemed to think that that was lower than—

Mr. Deputy Speaker (Mr. Michael Lord): Order.

Mr. Davey: Mr. Deputy Speaker—

Mr. Deputy Speaker: Order. When I am on my feet, hon. Members must sit. The word "you" is being used again. Can the hon. Gentleman try to remember the right form?

Mr. Davey: I apologise, Mr. Deputy Speaker.

In the speech that the hon. Member for Great Grimsby made to my undergraduate colleagues and me, he said that if we devalued, even from DM3.5 to the pound, we would get a competitive exchange rate. Now, however, he suggests that if we devalue from about DM2.7 we will get a competitive exchange rate. At what level does he believe a competitive exchange rate lies?

I believe that the hon. Gentleman's remedy is a recipe for inflation. He argues that we should slash interest rates and have a lower pound, which would surely stir up inflation. The worst aspect of his proposals is that they would damage manufacturing industry—the sector of the economy that he hopes to help—because the spiralling inflation that his policies would cause would produce short-termism in British industrial investment. Industry would need to consider financial factors all the time instead of the real aspects of its business.

The real issues that face people who run a business are the training of their staff and investment in research and development. If there is spiralling inflation because of ever devaluing exchange rates, they are reduced to financial jiggery-pokery instead of dealing with the real elements of their business success. That is why an independent central bank is a good idea, and a good policy for manufacturing industry. It would set a stable framework for our macro-economic policy and help the Government in their attempts to bear down on inflation over the long term. That would reduce short-termism in the British economy and such a reduction is the one thing that manufacturing industry really needs if it is to invest for the future.

The hon. Member for Great Grimsby seems to have a bizarre understanding of how the exchange markets set exchange rates. He thinks that the Chancellor of the Exchequer has a powerful voice and can suddenly talk down the pound at will. I am sure that past Chancellors would say, "If only." If only they could open their mouths and the exchange rate would go wherever they said.

The idea comes from cloud cuckoo land. There is no way in which the Chancellor could push the sterling exchange rate in any long-term direction just by opening his mouth. Serious macro-economic policies are needed to direct the level of the pound and I am afraid that the hon. Gentleman gave no indication of the policies with which he proposed to direct that level.

For example, the hon. Gentleman seemed to suggest that we should loosen monetary policy, while giving us no idea what he wanted to do with fiscal policy. That is where the tough questions for setting macro-economic policy lie. If he really wants to reduce the level of the pound he needs to propose a massive tightening of fiscal policy.

In simple terms, that means that we must ask the hon. Gentleman whether he proposes to slash public expenditure or to increase taxes massively. The logic of your argument means that you have to—I am sorry, Mr. Deputy Speaker, I mean the hon. Gentleman has to—answer that question. He failed to do so.

The hon. Gentleman also failed to tell the House what type of exchange rate regime he wanted—a flexible or a fixed regime. I am worried that he seems to have taken no account of the need for stability in our exchange rates. He proposed neither a fixed exchange rate system nor support for the single currency.

Having made those criticisms of the hon. Gentleman's speech—

Mr. Mitchell: A speech I made 10 years ago.

Mr. Davey: The criticisms are still pertinent today, because the hon. Gentleman's arguments have not changed.

None the less, I welcome the debate, because it gives the Minister a chance to state Government policy on exchange rates—or perhaps the Chancellor of the Exchequer will enlighten us on Government exchange rate policy this afternoon in his Budget statement. Until now, we have heard nothing.

The policy seems to be one of benign neglect and we have seen the currency appreciate with no comment by the Treasury. That policy is not sustainable in the long term. We need a clear signal of the Government's attitude to the pound sterling and of their future policy as Britain prepares to move towards the single currency. I hope that, in her reply, the Minister will state clearly the Government's policy on the exchange rate.

12.17 pm

Mr. Tim Boswell (Daventry): I congratulate the hon. Member for Great Grimsby (Mr. Mitchell) on initiating this interesting debate and all who have played a part in it. I also take the opportunity to welcome the Economic Secretary to the Treasury to her post, the ministerial counterpart of mine. I look forward to debating matters such as these many times with her.

First, I must say from the Opposition Benches, in case there is any doubt—although my hon. Friend the Member for Macclesfield (Mr. Winterton) will have left the House in no doubt—that there is as much sympathy for and interest in manufacturing industry on our side of the House as there is on the Government side. In my election address, directed to a constituency in which engineering is extremely important, I took the trouble to mention the subject, as well as information technology. It is of great importance to us all.

In terms of the analysis offered by the hon. Member for Great Grimsby, some parts of manufacturing industry are undoubtedly feeling the pinch. He cited British Steel as a clear example; I could add agriculture to the others that have been given. As everyone will know, agriculture is an industry whose financial arrangements are somewhat distinctive, but the effect of green pound revaluations has much the same, although an indirect, effect.

I pause to make the point that things can vary over time. Certain industries may be able to bear a high exchange rate for a period, but it may cause difficulties in the longer term.

As for the Opposition's approach, first, there is no simple policy of targeting the exchange rate. There have been excursions into that idea in the past—I need not return to them now—but they met with little success.

Secondly, there must be a middle way between the danger of abandoning all approach to fiscal prudence—at times it seemed that that was the hon. Gentleman's argument—and the equal and opposite danger that may be described as neurotic over-caution in the conduct of fiscal and monetary policy.

Thirdly, whatever the exchange rate is at any one time, it can be no cop-out or substitute for the adoption of policies designed to support business success and competitiveness. In that context, I cannot understand why the Government wish to go ahead with the minimum wage or sign the social chapter.

The Government have been left a golden legacy by my right hon. and hon. Friends—a strong economy. It will take a long time for that to dissipate and be lost—but lost it can be, if the wrong policies are adopted. For reasons that have a lot to do with electoral credibility, the Economic Secretary and the Chancellor have invested a great deal of effort in emphasising fiscal prudence. That is fine and good, but the danger is that it may lead to excess zeal and end up damaging the real economy. That is the substance of the argument we heard in the speech from the hon. Member for Great Grimsby.

The cumulative impression being given by the Government suggests a tendency towards this excess zeal. First, we had the remitting of monetary and interest rate policy to the Bank. Now, there is all this talk of an alleged black hole in the finances, based on a changed set of highly pessimistic assumptions about the course of policy. We also have had some heavy briefing—I put it no higher—from the Chancellor about his readiness to put up taxes today. He would do well to remember the example of the first Labour Chancellor, Philip Snowden, and he would be ill-advised to adopt such reactionary policies. The big danger at the moment is that all this self-indulgent talk of retrenchment will build pressures that feed into the existing buoyancy of exchange rates and may create in due course an unwelcome hard landing for the British economy.

12.20 pm

The Economic Secretary to the Treasury (Mrs. Helen Liddell): I congratulate my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on securing this debate, which takes place on a day when there is considerable interest in the performance of the economy. We have seen on two occasions this morning great posturing from the Opposition on matters unrelated to the substance of this debate, yet when it comes to matters of considerable substance the Opposition Benches are almost empty. An intriguing development is the use of these Adjournment debates to hold the Government to account in relation to policy and then not to leave sufficient time for the Government to explore the policy options.

[Mrs. Helen Liddell]

We were, as always, treated to an engaging canter through macro-economic policy by my hon. Friend the Member for Great Grimsby, who referred to self-trussed turkeys and the pound as a phallic symbol. We heard from the hon. Member for Macclesfield (Mr. Winterton) about the dogma-driven lust of the Governor of the Bank of England. These were unusual phrases to be used in a debate on this subject.

Many interesting points have been raised; some I can agree with, but a considerable number I cannot. Not the least of those was the comment made by the hon. Member for Macclesfield that inflation is dead, a point made also by my hon. Friend the Member for Great Grimsby. For ordinary people, inflation is a significant element in how they control and plan their lives, and gaining control of inflation is of considerable significance.

The remark by the hon. Member for Kingston and Surbiton (Mr. Davey) that he had heard a number of the points made in this debate before was correct, as this debate on the nature of the exchange rate and its relationship with the overall performance of the economy has been going on for more than 20 years. With respect to my hon. Friend the Member for Great Grimsby—whom I admire greatly—there was a touch of deja vu in my mind in relation to some of his remarks on devaluation.

I take this opportunity to welcome the hon. Member for Daventry (Mr. Boswell) to his responsibilities. I look forward to engaging him in debate in the years ahead. The Government have inherited an economy that has repeatedly gone through periods of boom and bust, with too little long-term stability. Our record of economic stability is one of the worst in the G7 and, since 1979, the United Kingdom has experienced the two deepest and longest recessions since the war.

As my hon. Friend the Member for Great Grimsby pointed out, our inflation performance has been poor also. Over the last full international economic cycle, from 1982 to 1993, the UK's inflation rate was higher than any other G7 country apart from Italy. Short-term interest rates are higher than in most other major industrialised countries and long-term interest rates—as my hon. Friend pointed out—have been well above the average for the major G7 industrial economies. That record reveals the lack of credibility of the previous Government's ability to meet their inflation targets, and it is why my right hon. Friend the Chancellor has made clear that the commitment of this Government is to secure long-term stability and, from that, economic growth.

Changes have been made in monetary policy to enable the country to secure the basis of sound finances and the criteria for setting the level of inflation. We are taking politics out of the matter, so that businesses—manufacturing businesses in particular—are in a position to plan ahead to secure economic growth.

The Government share the anxieties about the exchange rate, but there are no short-term fixes—despite what my hon. Friend the Member for Great Grimsby suggested. There is a need for a stable and competitive exchange rate, consistent with the Government's objective of price stability. That is one of the main reasons why we are committed to creating an environment of macro-economic stability. Low inflation and sound public finances are necessary conditions for sustained exchange rate stability and are sensible objectives in their own right for the management of the economy. Monetary policy has to be guided by the long-term needs of the economy and not just by short-term political considerations. In putting monetary policy into that long-term framework, we believe we are in a position to create the climate for growth and competitiveness.

The subject of this debate was not just exchange rates, but raising long-term growth and competitiveness. I disagreed with my hon. Friend the Member for Great Grimsby on the price mechanism, which he said was the only way to secure competitiveness. Securing competitiveness is much more complex than that and the Government have acted to put in place mechanisms to secure long-term competitiveness.

The appointment of my noble Friend Lord Simon as Minister for Trade and Competitiveness in Europe underlines the Government's commitment to taking forward growth and competitiveness. Lord Simon will play a leading role in completing the single market and will call for firm action to be taken against illegal state aid, which distorts the operation of markets and the criteria for long-term growth. He is also chairing the interdepartmental ministerial group on competitiveness and the single market, on which I serve as the representative of Her Majesty's Treasury. It will consider how to improve EU competitiveness as an effective means of improving the performance of United Kingdom firms in world markets, thus creating sustainable jobs and greater prosperity.

I accept what the hon. Member for Macclesfield said about improving export performance, particularly in relation to manufacturing, but we must not forget the other aspects of the economy which require good export performance. The Government are establishing a new export forum to revive the United Kingdom's export performance. One critical element in that is improving the skills and training of the work force, so that it becomes internationally competitive. That underpins many of the announcements made by my right hon. Friends in the two months since the Government were elected.

We are investigating ways to improve the advice and support available to small and medium-sized businesses that need to be brought much more into the export market—the background from which I come. I know only too well that it is important to provide the right economic conditions in which investors can make decisions with greater certainty to allow companies to plan for the future. The announcements made by the Government since our election underpin our commitment to invest in infrastructure, technology and people as the keys to future economic success. In addition to the economic criteria determined by monetary and fiscal policy, they are critical elements in ensuring this country's growth and competitiveness.

In the next few hours, we will hear from my right hon. Friend the Chancellor about his plans for the future of the economy. I think that I can say without in any way prejudging his comments that he is committed to ensuring that the British economy is put on a sound footing for the future so that we can achieve economic growth and competitiveness into the next century. That will enable all our people to benefit and will enable us and our industry to play a part in world markets.

M20 (Noise Reduction)

12.29 pm

Sir John Stanley (Tonbridge and Malling): On 12 December last year, I initiated an Adjournment debate about the problem of the ever-mounting noise on the M20 between junctions 3 and 5. I make no apology for returning to the subject six months later. I do so because we have a new Government, and whether they choose to follow or to change the policies adopted by their predecessor is a matter of profound importance to my constituents. The Minister will note that I have broadened the ambit of the debate to cover the area between junctions 2 and 5; I will explain why later.

No doubt the Minister will have familiarised herself with the background of the issues that I shall raise. As she will know, the M20 is the primary route through Kent to the continent, and, by virtue of its geographical position, the primary route from the whole of Britain to the continent. At junction 3, which is in my constituency, two branches of the national motorway system meet. The branch from the north, the M20, carries traffic from London, traffic through the Dartford tunnel and traffic from the north and east of London to the channel tunnel. The other branch, represented by the M26 spur of the M25, carries traffic from the south and west of the country to the continent.

It was inescapable that that section of the motorway would be densely used, especially after the opening of the channel tunnel. Those living along the section of the M20 between Wrotham and Aylesford—following the boundary changes, Aylesford is now in the constituency of the hon. Member for Chatham and Aylesford—are suffering from the noise and environmental disruption.

Inevitably, the initial projections of the volume of traffic that would be carried on that section of the M20 were substantial underestimates. The section between junctions 3 and 5 was opened to traffic in December 1971, having been built with three lanes in each direction. Less than 20 years later, in 1989, the then Secretary of State for Transport, Mr. Paul Channon, announced in his White Paper "Roads for Prosperity" that the section would be widened to four lanes in each direction. That announcement set in train what I can only describe as probably the single most botched piece of motorway planning since the start of the motorway programme.

First, the announcement was made with no indication of how the widening would be carried out and what new land would or would not be required. As a result, the homes of 2,000 or 3,000 people living near that section of the motorway were blighted, which made them either unsaleable or saleable only at sacrificial prices.

Secondly, the Department of Transport had to spend some £30 million of taxpayers' money on the purchase of some 300 houses under statutory blight procedures. It transpired, however, that the purchase of virtually all those houses had been unnecessary, as the most desirable way of widening the section involved using the existing curtilage of the motorway, and no additional land would be required. Effectively, £30 million of taxpayers' money had gone down the drain. I made a formal complaint about the waste of money to the then Comptroller and Auditor General, who strongly criticised the Department of Transport's handling of the scheme.

The final instalment of this sorry saga came just seven and a half years after the original announcement of the widening scheme. In November last year, the then Secretary of State for Transport, my right hon. Friend the Member for North–West Hampshire (Sir G. Young), announced that the scheme was to be abandoned. Quite apart from the fact that further millions of pounds that had been spent on design, consultation and planning went down the drain, the announcement was another sad example of the extraordinary mishandling of the scheme.

For my constituents, the widening arrangements had had one potentially redeeming feature. Built into them was the adoption of substantial noise abatement measures, such as noise barriers and new earth contours. Under the last Government's policy, however, because the road had been opened after 17 October 1969, the abandoning of the widening scheme meant the automatic abandoning of all the noise mitigation measures. My constituents are living alongside the main road artery between Britain and the continent, and the Highways Agency forecasts that, even without any widening, traffic on the road will at least double over the next 20 years.

Let me put two specific policy issues to the Minister. The first relates to the Government's policy on noise barriers, and the second to road surfaces. The last Government's policy on noise barriers was set out by the then Minister for Railways and Roads, John Watts, when he replied to my debate on 12 December. He said:

"the Department is required to provide noise mitigation in circumstances where we act as a developer by building a new road or substantially altering an existing one. We are not obliged to do so to deal with noise levels resulting from increased use of an existing unaltered road. I made it clear in answer to a parliamentary question earlier today that we have, in exceptional circumstances and where funds have been available, exercised a discretionary policy for providing noise barriers on roads last improved before 17 October 1969, but that policy is not applicable in respect of this section of road, which opened to traffic in 1971."—[*Official Report*, 12 December 1996; Vol. 287, c. 512.]

He went on to confirm that the cut-off date was not statutory but a matter of policy, which means that if the Minister is so minded she can change it without further legislation.

I tabled a parliamentary question to the Secretary of State to find out whether the present policy would continue or whether he would provide noise barriers on the M20 between junctions 3 and 5. The Minister replied:

"It is not possible to justify the expenditure of public funds on providing noise barriers along this section of the M20, as this would mainly be of benefit to people who either bought property in the vicinity of the M20 in full knowledge of the noise from traffic, or were compensated for the loss of value of their property when the road was first built, in anticipation of the growth of traffic on it."—[*Official Report*, 25 June 1997; Vol. 296, c. 520.]

Will the Minister reconsider that policy, which appears to be—I hope that I am wrong—an endorsement of the previous Government's policy?

There is an extremely compelling case for reviewing the policy. The Minister's statement that the expenditure could not be justified is strange, in that only a few months previously, until November last year, the Department of Transport found no difficulty in justifying the use of public funds for the construction of noise barriers and other noise abatement measures along that section of the motorway. I accept that that was done in the context of the widening scheme, but I do not believe that the

[Sir John Stanley]

Minister would argue that, merely because the widening scheme has been abandoned, there will be a considerable reduction in the noise disturbance.

The Highways Agency's figures show that, even without the widening scheme, the traffic on that section of the M20 will double. There is no evidence to suggest that there will be any material diminution of the volume of traffic using it, simply because the widening will not proceed. The cut-off date of 17 October 1969 for the discretionary policy of constructing barriers on existing roads looks increasingly anachronistic. Surely policy should be determined not by some past cut-off date, almost 30 years distant, but by the present environmental realities.

The present policy is based on the Department effectively disowning any environmental responsibility for what happens on existing roads. The Department is effectively saying that any intensification of existing use, creating increased noise and environmental disturbance, is not its responsibility and that it washes its hands of it. That position is not taken by those who operate airports in this country, and it would certainly not be allowed to be taken by companies in the private sector.

I recently had complaints about a company operating a sawmill in my constituency and I regularly get complaints about quarries. We do not allow private sector companies to say that, because they have planning consent, they can carry on intensifying use and creating more and more noise disturbance at ever-higher decibel levels for any number of hours in the day. We bring to bear on them the planning authority, public health legislation and the Health and Safety Executive. The Department cannot continue to operate a policy under which it simply walks away from the environmental consequences flowing from intensification of use of existing roads.

In the previous debate that I secured, I asked the then Minister for Railways and Roads, Mr. John Watts, whether he could consider whether the new road surfaces being tested by his Department could be applied to the section of the M20 about which I am concerned. I have deliberately extended the geographical ambit of this debate to cover the area from junctions 2 to 5, because on the section between junctions 2 and 3, heavy lorry traffic makes considerable noise as it goes past the village of Wrotham and up the steep gradient of the north downs to the top of Wrotham hill.

As recorded at column 514 on 12 December 1996, the then Minister replied relatively positively to my request for the motorway to be used for testing new road surfaces. When I tabled a question to the present Secretary of State asking him whether that section of the M20 could be used to test the quieter road surfaces being developed by the Department, the Minister replied:

> "When the M20 between junctions 3 and 5 needs attention as part of planned maintenance, the possibility of using it to test novel forms of quieter road surface developed by the industry will be considered."—[*Official Report*, 25 June 1997; Vol. 296, c. *520*.]

Will the Minister extend her consideration of using the quieter road surfaces to junctions 2 to 5, for the reasons that I have explained? Will she, either in her reply or by letter, as the matter may require some research, give me the fullest possible information about when the Department plans to carry out resurfacing on that section of the M20? Perhaps she may say more firmly than in her written answer that the Department intends to make every possible effort to use quieter surfaces.

The issue is deeply significant for my constituents and those of the hon. Member for Chatham and Aylesford. I strongly believe that it will not be sustainable for the Department simply to walk away from the environmental consequences of the intensification of use of existing motorways. I am told that the Department of Transport in the Netherlands has as a policy objective the planned resurfacing of main roads, specifically to try to reduce noise disturbance, and that it applies that policy on existing roads. I earnestly hope that a similar policy objective will be adopted by the Department in this country.

12.48 pm

The Parliamentary Under-Secretary of State for the Environment, Transport and the Regions (Ms Glenda Jackson): I congratulate the right hon. Member for Tonbridge and Malling (Sir J. Stanley) on securing this debate so early in the life of this Parliament. He has been a tireless advocate for his constituents in the matter and I welcome his raising it in the House, because it gives me the opportunity to explain more fully how the legislation dealing with the adverse effects of roads on the environment works.

There is no doubt that traffic noise is an exceedingly contentious issue, not least when defining what is a serious nuisance, because the perception of noise may vary from person to person and from place to place.

I recognise that people living near the M20 feel that they suffer the adverse effects of the traffic without receiving much benefit from the motorway. I must point out, however, that it plays a vital role in giving access to the single European market. The right hon. Gentleman detailed the precise importance of that stretch of our national road network; I believe that the effect of that access on our trade has benefited the nation. The efficient distribution of goods and other services brought about by that direct link to the continental motorway network has had a dramatic effect on society. Although we have had arguments to the contrary from the right hon. Gentleman, most of those effects have been essentially beneficial.

The right hon. Gentleman argued that the discretionary powers provided by the Highways Act 1980 to mitigate the adverse effect of roads on their surroundings have not been used to their fullest extent. It is important to understand the basis of the legislation and the principles of equity and consistency which underpin the way in which discretion has been exercised.

The fundamental principle originally established under the Land Compensation Act 1973 is that a public body that carries out development under statutory powers should provide compensation for the indirect effects of that development on adjacent land interests.

In addition to providing for financial compensation, that Act also gave the Secretary of State for Transport the power to make regulations imposing a duty or conferring a power on responsible authorities to insulate buildings against noise caused, or expected to be caused, by the works associated with road construction or improvement. That power was implemented in the Noise Insulation Regulations 1973. Further provisions contained in the Land Compensation Act included the power for

responsible authorities to carry out additional measures to mitigate against the adverse effects of the construction, improvement, existence or use of the public works.

The provision for compensation was limited to public works completed on or after 17 October 1969. The same operative date was contained in the Noise Insulation Regulations 1973. It was not considered appropriate to specify a retrospective date limiting the power to provide other mitigation measures, because it was intended to cover deserving cases in which properties were affected by roads that had been completed before the specified date, which limited the exercise of the other powers.

It took several years for retrospective cases to be dealt with under the Noise Insulation Regulations. It was not until 1979, under the previous Labour Government, that the power to provide other forms of mitigation was activated. It was made clear at that time that the policy of providing noise barriers alongside existing highways was restricted to roads opened prior to 17 October 1969.

In each case, the decision to provide a noise barrier was subject to the requirement that that would provide a significant degree of relief to a substantial number of properties. It also had to be feasible to erect a barrier within the existing highway boundary as there was no provision for acquiring extra land.

Subsequently, the power to provide measures to mitigate the adverse effects of highway construction was included in the Highways Act 1980. In applying that power to new road construction, it was extended to include a power to acquire additional land on which to construct such measures. That has allowed a much wider view to be taken of mitigating environmental impacts, but the effectiveness of mitigation has always been measured against the number of properties that would otherwise need to be insulated under the Noise Insulation Regulations.

That power has been exercised only in very particular circumstances to provide an additional noise barrier alongside roads built since 17 October 1969. For example, additional noise barriers were placed on the A27 Havant-Chichester route, which was opened in 1988. That was possible because the Noise Insulation Regulations had been revised in that year and specifically provided an allowance for differences between road surfaces. The change meant that a significant number of properties became eligible for statutory noise insulation and it was considered appropriate to provide additional noise barriers instead.

In other cases, barriers have been erected after the road was opened only when the cost has been met by a third party. That has usually been as a consequence of a planning condition attached to residential development. Noise barriers have been provided at the expense of the developer to protect properties, which would otherwise not have been permitted.

This is quite a complicated matter and I have described the provisions of the legislation at some length. In summary, the exercise of discretion to provide noise barriers relates to roads built or improved after October 1969—where a developer or other interested party is prepared to cover all costs—and roads that have not been improved since October 1969 where it can be shown that barriers would provide a significant benefit to a sufficient number of properties suffering unduly from traffic noise.

I understand the argument presented by the right hon. Gentleman that the effects of increased traffic on the section of the M20 to which he referred make his constituents a special case. I am sure that he would acknowledge, however, that there are many sites around the country that are similarly affected by increased traffic noise, both from motorways and within towns.

To consider all those deserving cases equitably would involve substantial costs, even within the existing legislation. There is the issue of whether the public purse should provide benefits in kind to owners of property who either bought at a price reflecting its location relative to the motorway or received compensation when the motorway was first built, to offset the anticipated effect on the value of the property.

When a trunk road is planned to be constructed or improved, an assessment of its environmental impacts and the potential benefits of various types of mitigation takes into account the volume of traffic expected to be using it 15 years after the scheme is first open to the public. I acknowledge that one of the most important concerns discussed at the public inquiry into the proposals to widen the M20 between junctions 3 and 5 was the impact of traffic noise on the surrounding area.

I am aware that the inspector strongly supported the use of porous asphalt, as well as the proposed noise barriers, to reduce the adverse effects. But those measures were discussed in relation to the longer-term effect of the widening proposals.

The right hon. Gentleman was scathing in his criticism of the proposals to widen the M20 and their subsequent withdrawal. However, the draft statutory orders for the acquisition of a small amount of land, mainly needed to provide for additional mitigation measures, were not confirmed. That allowed the local planning authority the freedom to permit development on the land, and released previously blighted properties back on to the market.

I understand the intense disappointment that the right hon. Gentleman's constituents must have felt having been offered some prospect of relief by those widening proposals from the apparently inexorable increase in noise from traffic on the section of the M20 between junctions 3 and 5.

I have to say that the purpose of the mitigation then on offer was essentially to offset the anticipated effect of the widening. However, the assessment of noise impacts arising from the proposals used the updated method of assessing noise levels, which takes account of the type of road surface. It is likely that the original concrete surface and the subsequent surface dressing would probably not have been as quiet as they now can be with the use of modern construction methods.

The right hon. Gentleman referred to the seemingly inexorable increase in road traffic. The Government are committed to developing an integrated transport policy, and the upward trend in traffic growth will be re-examined. For the moment, I must ask the right hon. Gentleman to be patient until the appropriate maintenance programme for that section of the M20 is decided. I have taken careful note of his question and I will certainly ask my officials to respond to it as speedily as possible.

I can assure the right hon. Gentleman that due consideration will be given to noise when the time comes to renew the surface. The technology involved is moving very rapidly and, when the time comes, whatever form of

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surfacing is provided should noticeably reduce traffic noise. The resurfacing of the M20 will be determined when an engineering assessment of the existing surface has been done. It is planned for this year and I repeat that I will ask my officials to respond as quickly as possible to the matter.

I referred earlier to the inspector's belief that porous asphalt could have helped in resurfacing. However, the extra costs for that are no more justifiable than those of noise barriers. It is many times more expensive to put down than other forms of surface and involves extra costs if used on existing roads because drainage arrangements have to be modified. It is more expensive to maintain the surface free of ice in winter—

Mr. Deputy Speaker (Mr. Michael Lord): Order.

Dyfed Powys Health Authority

1 pm

Mr. Denzil Davies (Llanelli): Dyfed Powys health authority may seem an esoteric subject, but it does not to my constituents. It is a matter of keen concern to them, to others in the Dyfed Powys area and to me.

Health authorities buy medical services from hospitals—in the case of Llanelli, from the Prince Philip hospital and one or two smaller ones. If Dyfed Powys health authority goes bankrupt or runs out of money, the hospital services provided for my constituents will deteriorate. I thank my hon. Friend the Member for Bridgend (Mr. Griffiths) for meeting a delegation of hon. Members from the old Dyfed area some time ago. This debate should not be taken as a criticism of that meeting, which was very helpful. However, time has moved on and the situation is changing.

Dyfed Powys health authority resulted from a merger, under the previous Government, of Dyfed health authority and Powys health authority. The area covered by the Dyfed health authority had three acute hospitals and a small number of community hospitals, as they are described. The Powys area had no acute hospitals and a large number of community hospitals. To a city banker experienced in merger negotiations, that situation would have been ideal. One complemented the other: Dyfed provided the acute hospitals of which Powys had none, and Powys provided the community hospitals of which Dyfed had only a few. Real life is not like that, certainly not in the health service.

The new authority inherited many problems, most of them, I am sorry to say, from Powys. It has tried to resolve them. It made various suggestions some time ago to resolve them by closing many community hospitals—

Mr. Richard Livsey (Brecon and Radnorshire): Will the right hon. Gentleman give way?

Mr. Davies: Not at the moment.

The authority also proposed the reduction of services. Those proposals met with universal condemnation and were thrown out. Poor Dyfed Powys health authority is again trying to resolve the matter. In the autumn, it will no doubt advance other proposals. As far I can see, its proposals will aim to improve the financial situation. They will not be for the purpose of improving the health service. The corollary or obverse of improving the health authority's financial situation will be a deterioration of the health services provided for Llanelli and the other constituencies affected. There is not much use in looking at the matter from the point of view of trying to resolve the financial problems in that way.

I do not want to criticise anyone. I do not want to criticise Dyfed Powys health authority because it inherited difficult problems. I am not criticising my hon. Friend the Minister, who has also inherited a horrible situation, but I have several questions. I shall understand if he cannot answer them now. This is an Adjournment debate and, if he is not in a position to answer them, he will no doubt write to clarify matters.

I understand that health authorities make up accounts, although I am not sure in what form, or whether they are audited by outside, independent accountants. Has my

hon. Friend the Minister received the 1996-97 accounts, if they exist, of the Dyfed Powys health authority? Are they properly audited? Who drew them up? Do they set out what one would normally expect to find in accounts—borrowings, assets, loans, liabilities, expenditures, and everything else that people would wish and need to know? When they appear—if they have appeared, fine—could he please place them in the Library for us to try to fathom? I know that it is a long way from mid-Wales or Llanelli, but at least the accounts should be open for inspection so that we can then ask questions about them. Are the accounts in a form that an accountant would not feel disgraced to sign?

My second question relates to debts. I do not understand the structure of health authorities. I tabled a question to my hon. Friend the Minister, which he properly answered quickly. Again, I make no criticism. Perhaps I was naive, but I asked what were the borrowings of the Dyfed Powys health authority from the Welsh Office. The answer that I got was approximately £2.5 million. That surprised me a little because various figures have been bandied around: deficits of £6 million and £7 million. I wondered whether I had missed something. Was it a very carefully drafted answer? I am sure that the £2.5 million figure is correct, but can my hon. Friend say whether there are other borrowings, loans, brokerages or whatever other words can be used to dress up debt? Has Dyfed Powys health authority borrowed secretly from somewhere such as the Drover's bank in Llangammarch Wells? Who knows whether there are liabilities to building societies in small mid-Wales villages? May we be told how much the health authority really owes? I am told that it has money somewhere that should be going to GP fundholders and that it borrows a bit, then pays it back again.

Mr. Livsey: The right hon. Gentleman is making a powerful case about the finances of Dyfed Powys health authority. Does he agree that it is strange that, last October, it said that it would have a deficit of £9 million over the next five years; that in January it said that it would be £11 million over the next five years; and that, in meetings in my constituency in March, it said that, if compound interest were added, it would have a deficit of £38 million over the next five years?

Mr. Davies: We should leave compound interest to the Chancellor of the Exchequer, but I agree. I am as baffled as the hon. Gentleman, and that is one reason for this debate. Again, I do not expect my hon. Friend the Minister to be able to answer fully, but I hope that we can get some figures for the so-called deficit.

What is a deficit? I suppose that a deficit means spending more than is being earned. I do not how to apply that concept to such an organisation. From where does the money come? Does it come out of the dreaded public sector borrowing requirement? That would be terrible. I take it that the £2.5 million comes out of the dreaded PSBR, but what about all the other deficits? Are they added to the wretched borrowing requirement? We should like to be told the answer so that we can assess the position.

I shall now refer to 1997–98, this financial year; we have already asked for the accounts for the last financial year. I do not know how the health authorities are funded. No doubt, a sum of money is provided for them by the Welsh Office. I am told that there is some sort of formula for local authorities that is called the standard spending assessment. It used to be the rate support grant, but names get changed, although the reality does not.

How much money has the Dyfed Powys health authority received—or will it receive—from the Welsh Office for the next 12 months from this April to next April? We need to know how much it will be so that we know how much it is being paid. Is the figure plucked out of the air? At the meeting with my hon. Friend the Minister, he mentioned a long equation, which no doubt ends in nought—such equations for economists usually end in zero; I do not know why. Could my hon. Friend the Minister send me a letter explaining how the algebraic equation is arrived at? How is the figure arrived at? It is an important question because the spending figure is important. It tells us the amount that can be spent on buying services from the Prince Philip hospital in Llanelli and from other hospitals. I do not expect to be told the equation now, but we need to know it so that we can work out—or be told—exactly how much money is allocated for this year. What will the deficit be for this year? Apparently, there will be one. Is the deficit rolled on every year until the Welsh Office has to provide a loan?

The Llanelli-Dinefwr hospital trust operates the main hospital in my constituency, the Prince Philip hospital, and other hospitals, but there is still no negotiated contract. I raised that issue with my hon. Friend the Minister and he made some helpful comments. I am told that there is no negotiated contract between those hospitals and the health authority.

We have the extraordinary situation whereby a public body—the health authority—pays what it can. It is as though I went into Tesco in Llanelli, took a trolley full of food to the till and said that I could afford only £5 and the shop could possibly have the rest later. When will the contract be signed? If a contract is not signed on satisfactory terms, the Llanelli-Dinefwr hospital trust will run up debts. As the Minister knows, that trust runs a tight ship—it has never been in debt and it balances its books—but I am told that, if the situation continues, by the end of this financial year the trust could be in debt to the tune of at least £1.5 million.

In reply to another question, which is not relevant to this debate, my hon. Friend the Minister said that Morriston hospital was now in debt to the tune of £16.5 million. I do not want that to happen to my hospital trust. It would not be fair if it had to pile up debts that were not of its own making and then had to do something in future to try to reduce those debts. Could that contract be negotiated fast so that the trust does not run up a debt like the one that has been run up by Dyfed Powys health authority?

There is no solution to the problem to be found in measures to reduce the bureaucracy of the Dyfed Powys health authority. It is always possible to find savings in a bureaucracy, but that will not solve the problem. The difficulties should not be solved by cutting services. I am sure that my hon. Friend the Minister would agree that the problem should not be solved in that way. I am sure that he will also agree that we should not come up with a plan to solve financial problems by cutting services. We are not looking to improve hospital services in Llanelli, merely for them to be at least maintained. If the financial plans are put into operation, health services will deteriorate. People who voted for us and for my hon.

[Mr. Davies]

Friend the Minister at the last election did not vote for a deterioration in existing services—within realistic boundaries, they want improvements.

Ultimately, the only solution to the problem comes from money from the Welsh Office. That money must be used to wipe out the debts and place the health authority on a proper basis to ensure decent hospital services. I understand that now, a few hours before the Budget, is not the best time to talk about money, but there is plenty of it about. As a former Treasury Minister, I find it difficult to say that—it sticks in my gullet—but there is plenty of money. Even the City and the Confederation of British Industry want to increase taxes.

What is my right hon. Friend the Chancellor going to do with those taxes? I know that he is a Scotsman, but I hope that he will not put the money into a tin trunk under his bed. Everyone wants increased taxes and everyone wants the Government to have more money. Some of that money should be used for these purposes; I know that it is not easy, but there is no shortage of money at the moment. It is a question whether we have the will to use that money to sort out the problem which, although not of my hon. Friend the Minister's making, nevertheless exists. The problem can be solved only with money, not by the deterioration of hospital services in my constituency.

1.15 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Win Griffiths): I congratulate my right hon. Friend the Member for Llanelli (Mr. Davies) on securing this important debate so soon in the life of the Parliament. I am grateful to him for bringing this issue to the attention of the House. The publicity that has surrounded the difficult financial position in Dyfed Powys health authority has aroused considerable strength of feeling locally and I welcome the opportunity to debate the matter in this forum.

Before we go into the detail, it is important that I explain something of the background to the position that we have inherited. Back in the early 1990s, as part of the market reforms, the previous Government decided that funding for health care should be population based—health authorities should receive money to meet the health needs of the residents living in the authority area. Money would follow the patient so that, no matter where treatment occurred, the health authority would still have to pay. Under that policy, the capitation formula used to distribute resources provided by Parliament showed that, if the total amount of cash were allocated solely according to population rather than on the old service basis, some authorities were not getting enough cash while others were receiving too much. Dyfed Powys was one of the authorities that was receiving too much.

To enable a more equitable distribution, a weighted capitation formula was introduced and the move to it was phased over five years. Funding by a weighted capitation approach seeks to take account of the need for health services in a population by adjusting the crude population share according to various factors. Those are chosen to show the relative demand for health services and include, for example, the relative death rate and the proportion of elderly people. I am quite sure that my right hon. Friend can be given information on how that formula works. This financial year is the last year of transition to that arrangement.

As a result of that readjustment to the existing capitation formula, over the past four years, the allocation for Dyfed Powys health authority has risen by only 19 per cent. compared to growth across Wales of 23 per cent. Nevertheless, the formula and the arrangements for its phased introduction were designed to provide time for the service to plan and were agreed with the NHS in Wales. While I expect that the process was manageable, it would have posed some difficult choices for the authorities involved.

Mr. Lembit Öpik (Montgomeryshire): Does the Minister agree that, even with a transition time, the provision in rural areas will not become any cheaper? We have therefore compounded the problem—the net income per capita is coming down, but the problems of increasing elderly provision are rising. That is why so many of our residents in Powys have been concerned about the future of the cottage hospitals which seem to be under threat for the very reason that the Minister was giving.

Mr. Griffiths: As services for the elderly are increasing, the capitation formula will be of some help. Like the hon. Gentleman, I am concerned about the future of the health service, not only in rural areas, but in industrial areas. Although the formula has been accepted by the NHS in Wales as a robust means of distributing resources, my officials have convened a working group consisting of a wide range of NHS interests in order to review the methodology. I believe that that is necessary for a number of reasons.

Since the formula was introduced, there have been developments in the approach to determining health need; health authorities in Wales have been reorganised; and new sources of information on the health status of the population have become available—for example, the Welsh health survey. We must consider, together with the service, whether any of those developments should influence our approach. It is my intention to ensure that the distribution of resources between health authorities in Wales is done in the most effective and efficient way, but, clearly, these are early days and we cannot predict the outcome of the review or its effect on any particular health authority.

That is for the future. I shall now answer one or two of my right hon. Friend's questions.

Mr. Cynog Dafis (Ceredigion): When it is reviewed, the formula must take account of rurality in relation to the provision of hospital services.

Mr. Griffiths: There is an element for that in the current formula, but there may be a need to consider whether its weighting should be increased. That is one of the matters that the review group will consider.

This year, Dyfed Powys received £265 million for hospital, community and family health services, including £257 million that is available for the authority's discretionary expenditure—that is, to purchase health services according to local priorities. The sum represents an increase in funding of 2.6 per cent. over 1996–97, which in cash terms means that the authority received an

additional £6 million. As well as funding for hospital, community and family health services, almost £10 million was allocated to the authority for cash-limited general medical services—£600,000 more than in the previous year, or an increase of more than 6 per cent.

Of course, the move to weighted capitation funding has not been made any easier by the decision to reorganise health authorities. The new authority was created on 1 April 1996 and its unaudited accounts for its first year show a deficit of £1.9 million, adding to its inherited deficit of over £3 million. I assure my right hon. Friend the Member for Llanelli that such accounts do get properly audited and that he will be able to receive a copy of them. In addition, I cannot envisage any difficulty in placing a copy in the House in Commons Library.

In income and expenditure terms, the authority is obviously spending more money than it receives from the Welsh Office and, as I told my right hon. Friend when we met recently to discuss the matter, I have been asked to provide additional resources to help overcome that situation. In considering that, it should be recognised that, in allocating resources to authorities, the Welsh Office does not routinely keep cash in reserve at the centre. Consequently, we expect authorities to live within the resources allocated to them. Despite that, we try to be flexible and, in 1995–96, the Welsh Office provided a loan of £810,000 to the former Powys health authority, and, in 1996–97, provided the new Dyfed Powys authority with a further loan of £1.7 million. Therefore, as my right hon. Friend rightly said, the Welsh Office is now owed £2.51 million.

The authority has asked for a further loan in the current year totalling well over £5 million. That is a considerable sum and, although it helps with cash liquidity to pay bills in the short term, it masks a much more serious underlying problem about the ability of the authority to maintain its existing level of commitments in future years. Cash injections in the form of repayable loans may have a part to play in managing the short term, but I would be unwilling to countenance their use as a substitute for addressing the underlying resource problem. Moreover, I am sure that, as a former Treasury Minister, my right hon. Friend would agree that, before I can reach a decision, it is essential that the authority produces a plan to demonstrate how it will get back to a balanced position. That is awaited, but, in the meantime, officials are giving the matter careful consideration and I hope to announce a decision this month.

From all of that, it is clear that the current contracting round with the authorities' main providers in the area is going to be very difficult and I can understand the frustration of all the trust chief executives. Representatives of the Llanelli trust have impressed on me their frustration—indeed, the small delegation from that trust which accompanied my right hon. Friend gave me a clear picture of the situation. I understand that, until contracts are agreed, temporary arrangements have been put in place to ensure that patient services—which must be the prime consideration—are not disrupted and trusts have a cash flow.

As I mentioned earlier, the provision of cash loans is not the only answer and neither can we add more money permanently to the allocation. That would create an imbalance in the move to a capitation-based mechanism and cause tensions elsewhere in Wales. The way forward is for the authority to develop a more acceptable strategy for the delivery of health care to its resident population than was proposed in the consultation document "Effective Care and Healthy People". That was intended to provide opportunities for residents and others to contribute to the review of health care provision in the area.

As my right hon. Friend will know, after considering the responses to consultation, the authority decided at its board meeting on 3 June that it should work with local interests to produce a revised strategy. A progress report on work towards completion of the revised strategy is to be made to the board in the autumn. It is now for the authority to take the matter forward, although I shall continue to take a keen interest and have asked to be kept closely informed of developments.

Of course it is not simply a matter for the health authority. The trusts in the area do need to play their part and, although I understand the difficulties they face, they must realise that resources are severely stretched. They will need to ensure that their organisations operate as efficiently and as effectively as they can. That will often mean careful consideration of the management of the capital estate, much of which is old, poorly maintained and in many cases not suited to modern health care techniques. Some estate rationalisation might therefore be necessary.

The Powys trust is developing proposals with the private sector for the rationalisation of patient and support services currently provided by Bronllys and Mid-Wales hospitals. That will enable the old establishment at Talgarth to be closed. Hospital services at Newtown will also be redeveloped in a new hospital to complement the services envisaged at Bronllys. The total cost of the two new developments is almost £19 million and negotiations are currently under way with the private sector to develop those schemes. The estate rationalisation flowing from the projects is likely to result in cost savings that will go some way to alleviate the financial problems of the authority.

In my right hon. Friend's constituency, the Llanelli trust is currently working with the Pembrokeshire and Derwen trusts in the development of proposals for elderly people that will incorporate alterations to Mynydd Mawr, Tumble and Bryntirion hospitals, and also for the reprovision of in-patient psychiatric services from St David's hospital, Carmarthen and Bryntirion hospital, Llanelli on to the Prince Philip hospital site. Those proposals will also allow some site rationalisation that may result in cost savings to the authority.

I was also interested in the plans that the Llanelli trust has in mind for an integrated model of care delivery in the Llanelli-Dinefwr area. As I explained to the chairman and chief executive of the trust when I met them with my right hon. Friend, the proposals need to be properly costed; nevertheless, it is encouraging that the trust and local GPs are working together. The GPs will need further to develop their thinking and perhaps consider producing clear, costed proposals for consideration as one of the locality commissioning pilots which I announced last Thursday.

From the Government's point of view, I think it important to recognise that the position that we inherited cannot be dealt with overnight. There will be situations like the one in Dyfed Powys when there is a need for everyone to pull together to ensure that patient services are not affected; that will entail co-operation and compromise locally.

[Mr. Griffiths]

My right hon. Friend will know that I have already suspended the eighth wave of GP fundholding. That will release £1.9 million, to be used to reduce cancer waiting lists and for developments in primary care. I announced a wide-ranging review of the number and shape of NHS trusts in Wales, and it will get under way soon. We are also issuing a White Paper in the autumn to abolish the internal market—

Mr. Deputy Speaker (Mr. Michael Lord): Order.

Public Bodies (Food Purchasing)

1.30 pm

Mr. Ieuan Wyn Jones (Ynys Môn): I welcome the opportunity to debate this important subject. I thank the Minister in advance for responding to this debate and to the previous one. I know that he is having a heavy day in the Chamber; I am sure that when he eventually returns to Gwydyr house he will insist on being served a good lunch of Welsh lamb or Welsh beef—a decent recompense for his hard day's work in the Chamber.

There is a crisis facing the livestock sector in Wales. I informed the Minister's office that I would concentrate today on the crisis in the beef sector, especially in Wales—although I understand that the issue is also important in the other countries of Britain.

I need not remind the House of the crisis that the industry has faced for the past 15 months. The difficulties that followed the announcement by the then Secretary of State for Health on 20 March last year have been severe for the industry. That statement will be etched on the memory of farmers for a long time to come. I shall not recount the events since then in any detail—merely say that I have attended more mass meetings of farmers who are worried about the crisis than I have at any time in the past 20 years or so.

Most farmers were under the impression that once the over-30-months scheme was nearing a conclusion the crisis would probably be over. They thought that confidence and prices would start to recover, but things are worse now than they were at the height of the crisis. Prices in the marketplace are lower and farmers are losing a considerable amount of money on the cattle that they sell for slaughter. Such losses cannot be sustained for much longer. Interest rates have been historically low, but there are signs that they will rise in the next 12 months, thus adding to the pressure on farm incomes.

I accept that the fall in beef prices is due to a combination of factors. First, there is the revaluation of the green pound and the failure of the previous Government to ask for European Union money to alleviate the consequences. I hope that the new Government will make positive moves to rectify that. Secondly, there is the importation of beef from EU and third countries—beef that does not meet the high hygiene standards in the UK imposed as a result of the BSE crisis. Thirdly, the market has yet to recover the full confidence that it enjoyed before the BSE crisis erupted.

Mr. Lembit Öpik (Montgomeryshire): Does the hon. Gentleman agree that British and Welsh beef is now the safest that can be bought anywhere in the world

Mr. Jones: That is a good point. I shall reiterate it to the Government with some force before the end of this short debate.

The decision by the current Government to cut compensation for beef farmers entering the over-30-months scheme has caused considerable resentment in the industry. The Government need to recognise—whether we like it or not—that the compensation price affects the market price. The great danger that many farmers perceive is that the cut in the one will affect the other—the market price will fall even lower.

I acknowledge the considerable cost to the Exchequer resulting from the BSE crisis and I know that that cost has been revised upwards in recent days, but I hope that the Minister will recognise the importance of agriculture to the rural economy. We need to underpin that economy; anything that affects beef producers is bound to have a deleterious effect on the rural economy.

Farmers recently received a significant boost when McDonald's said that it would reintroduce British beef to its fast food outlets. That showed that confidence is returning to the industry. It is thus all the more surprising that many public bodies in Wales and the rest of the United Kingdom buy the vast bulk of their beef from abroad. When I looked into it, I was astounded by the scale of this purchasing problem.

I have a letter from the chief executive of the Naval Bases and Supply Agency stating that the task of procuring food for the armed forces is contracted to the Navy, Army and Air Force Institute. I am told that some British beef is purchased, but that

"the Armed Forces' requirement is mainly for frozen products and the majority of beef joints are sourced on cost grounds, from Brazil, Uruguay, Argentina, New Zealand and Australia."

So none of this frozen beef is bought in Wales or anywhere else in the UK.

I have also inquired about the purchasing policy of health trusts in Wales. Many of them are located in prime beef-producing areas. My office was able to contact eight trusts; of those that could supply me with information, none had a policy that ensured that local beef was purchased as a matter of course—although some local beef was used. They all said that they now had to ensure value for money. The trusts that gave me information included the Bridgend and District NHS trust, the Carmarthen and District NHS trust, the Clwydian Community Care NHS trust, the Derwen NHS trust, and the Glan Clwyd District General Hospital trust. Some of them did not even know where their meat came from.

I understand that most, if not all, of the trusts in Wales receive their supplies under standard contracts negotiated by Welsh Health Supplies, which is a business unit of the Welsh Health Common Services Authority, or WHCSA. The NHS in Wales ceased purchasing carcase meat some time ago, moving to prejointed frozen cuts. Under the current arrangements, those frozen cuts of beef, lamb and pork come from South America, New Zealand and the home market respectively. That may be good news for Welsh pig farmers, although there are not many of them, but it is very bad news for the vast majority of Welsh farmers who are lamb and beef producers.

The good news, however, is that WHCSA is reviewing the policy and the balance between frozen and fresh meat and asking for more flexibility to be applied to contracts. On behalf of Welsh beef and lamb producers, I ask the Minister to urge the authority to introduce these proposals at an early date.

I have also made some inquiries with local education authorities in Wales about their school menus. The Minister will be aware of the report in the *Western Mail* in March of this year which stated that most schools in Wales did not serve beef to children. At the time, 13 of 22 LEAs were operating policies that totally or partly excluded locally produced beef from school menus. Of those 13, seven operated a total ban on beef, one gave head teachers discretion to use imported beef and five excluded beef from primary schools. My office contacted some of those LEAs and found that, in Cardiff, beef is on the menu only in secondary schools. Even there, there is no policy of buying local beef and LEAs follow what is described as the value-for-money rule.

In Denbighshire, an area noted for quality agricultural produce, beef is banned in primary schools and in secondary schools, where beef is offered and there is a choice, there is no policy to buy local beef. All meat is bought through a purchasing consortium.

In Rhondda Cynon Taff, all the beef used is imported, although I am pleased to say that a review of that policy is taking place.

The purchasing policy of Ynys Môn and Gwynedd county councils specifies the use of locally killed beef in schools.

Needless to say, the farming unions in Wales want the Welsh Office to encourage public bodies not only to purchase beef, but to buy locally produced meat. They and I understand that no one can be forced to buy or eat Welsh meat, but the Government can use their considerable authority to encourage its consumption.

In a letter to me, the Farmers Union of Wales asks that the Government positively discriminate in favour of fresh, home-produced meat, the value and quality of which are second to none. It would also help if the Government advocated the specification of fresh as opposed to frozen products in public body contracts. Such a move would be greatly welcomed.

The NFU has told me that, following the decision by McDonald's Restaurants to obtain local beef, it is renewing its strong invitation to public bodies to source their beef from British supplies.

The industry generally welcomed the stance taken by the Minister of Agriculture, Fisheries and Food when he made it clear that he expected imports from the European Union to meet the standards on the removal of specified bovine material that must be met by British beef and that, if they do not, orders banning imports will be laid before the House. He repeated that warning on the Floor of the House during the recent debate on the common agricultural policy.

Given that that is the Government's position, that—as the hon. Member for Montgomeryshire (Mr. Öpik) said—beef is safer than it has ever been and that we now have stringent hygiene standards, I believe it is right to expect Ministers to encourage its consumption now. It is ironic, is it not, that while statements in the House and elsewhere are made about the nutritional quality of locally produced beef, hospital patients, members of the armed forces and schoolchildren are eating beef from every country under the sun except their own. It is ironic, therefore, that the Government are not bringing pressure to bear on public bodies.

I believe that we are entitled to ask today for a clear statement from the Minister that all contracts entered into by public bodies for the purchase of meat be reviewed so that locally produced meat can be considered. That can be done quite easily by stating that they should consider fresh meat as well as, or instead of, frozen meat. That would give public bodies a clear signal that they should buy local beef.

There are encouraging signs from the WHCSA and local education authorities. I am asking the Minister to give a clear signal to those that are not moving in that

[Mr. Jones]

direction to consider their contract sourcing policy. Will he encourage the local education authorities who still refuse to have beef on their menus to think again?

I feel that a bigger battle lies ahead with the purchasing policy of, for example, the armed forces. I made contact with the Ministry of Defence during the period in office of the previous Government; I have done so again, and there appears to have been no movement on their part. Will the Minister talk to his colleagues in the Ministry of Defence and at least ask them to review the position? The public pronouncements on the value and quality of our beef will ring a little hollow unless those organisations of which the Government have control start to change their purchasing policies.

I know that the Minister will have listened very carefully to my speech today. I hope that he can respond positively.

1.43 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Win Griffiths): I congratulate the hon. Member for Ynys Môn (Mr. Jones) on successfully securing this Adjournment debate. I am pleased to have the chance to respond on the important issues that he has raised. They are near to the heart, mouth and stomachs of consumers, who want safe food, and of producers, who provide it. The issue is one of confidence. I am convinced that confidence is justified.

Let me set out our approach to dealing with the impact that BSE has had on the beef industry—especially confidence in British beef. Throughout the crisis, the Spongiform Encephalopathy Advisory Committee has been a source of independent advice. It has advised on a range of precautionary measures to minimise the risk to human health. Scientists can never guarantee that there is no risk, but SEAC's chairman, Professor John Pattison, is on public record as saying:

"in any common usage of the word, beef is safe to eat".

That is the starting point for the restoration of consumer confidence in beef.

Mr. Barry Jones (Alyn and Deeside): The leaders of the NFU in Flintshire were very grateful to my hon. Friend for receiving their recent deputation. The worries continue. The leaders of the National Farmers' Union of Flintshire—Mr. Idris Roberts of Pwll farm in Treuddyn and the farmer who leads the NFU of Flintshire in Carreg y Llech, Mr. Terrig Morgan, also in Treuddyn village, say that they still have considerable worries and urge the Minister and the Government to continue to do everything possible to help their industry.

Mr. Griffiths: I thank my hon. Friend for that intervention. I hope that what I have to say will be helpful and that other continuing negotiations will prove to be helpful.

The hon. Member for Ynys Môn mentioned the announcement made last week by McDonald's Restaurants that it was resuming use of British beef products in its United Kingdom outlets. I am very encouraged that that decision was taken as a direct response to the views of customers, and I believe that, last night, Burger King made a similar announcement.

In March 1996, directly after the announcement of a possible link between BSE and the new form of CJD, 70 per cent. of people surveyed by McDonald's Restaurants said that they would not buy British beef products. Now, however, there has been a complete reversal. A recent survey showed that 74 per cent. of people wanted McDonald's to sell British beef and it has followed customer preference. I am glad that Burger King has now done the same.

That is clear evidence that consumers' confidence in British beef is returning. Beef consumption as a whole is now only 3 per cent. below pre-crisis levels. In June, sales of beef in Wales were 42 per cent. greater than in the same period in 1996—the highest percentage increase in the United Kingdom.

I turn now to the issue of NHS trusts using British beef. Although NHS trusts are accountable to the Government, it is not our role to dictate what they should or should not do across a wide range of their responsibilities. Into that category falls the source of the beef provided to patients. Decisions about hospital meals are made by local management, in the light of central guidance.

Trusts in Wales as elsewhere, receive guidance on issues such as hygiene and dietary standards and are expected to provide patients with a choice of meals that respects their dietary needs. Information on CJD and BSE has also been sent to trusts, but the use or non-use of British beef has not been stipulated, and is not monitored centrally. However, I can tell the hon. Gentleman that I am receiving anecdotal evidence from trusts that they are reviewing that policy, and I hope that what is said in the Chamber today will give them confidence to make other moves.

The inclusion of beef on the menus of local authority schools is a matter for individual local authorities. They have been advised that there is no reason to withdraw beef from school menus, but they should continue to provide a choice of menu to accommodate different dietary and cultural preferences. I believe that beef can form a part of any well-balanced nutritional diet for our children, and I hope that local education authorities will take that view on board.

Before 20 March 1996, public bodies were under no obligation to restrict their beef supplies to those from Wales—or even from the United Kingdom generally. Indeed, the treaty of Rome prohibits public bodies from discriminating in favour of national interests. Consequently, Governments could not force public bodies to source their beef in Britain, even if they wished to do so. In any event, that should remain a matter for local discretion. Patients in hospitals, and school children and their parents are also consumers. Like McDonald's, trusts and schools that have stopped using British beef will use it again if that is what patients or parents and their children want.

Last summer, under the previous Administration, representations were made to the Ministry of Defence in a bid to reduce the armed forces' dependency on imported beef. The MOD was supportive, but maintained that procurement of any goods should be on the basis of best value for money. The MOD purchases a limited amount of beef, but its decision to buy more imported beef is based on market conditions and suitable distribution services, rather than reaction to BSE. Perhaps the British beef industry should therefore speak to the MOD about how it might play a bigger part in supplying it.

The Government cannot force consumers, whether they be at home, in schools, in hospitals or in the armed forces, to buy and eat British beef.

Our role is to safeguard the public interest and to make sure that the public are aware of the facts so that they can make decisions for themselves. To that end, measures were, and continue to be put, in place to ensure the safety of public health. Cattle suspected of BSE are compulsorily slaughtered and their carcases destroyed. Healthy cattle more than 30 months old may not enter the human food chain—they are slaughtered separately and their remains destroyed.

Milk produced from cows suspected of having BSE may not be used for human consumption, despite the fact that infectivity has not been found in milk. Specified risk materials—the head, brain, spinal cord, tonsils and spleen from cattle over six months, and the thymus and intestines from cattle of any age—may not go into the human food chain.

Those measures are enforced by the Meat Hygiene Service, a Government agency. In addition, the State Veterinary Service makes unannounced audit visits to abattoirs to ensure that the controls are fully enforced.

Mr. Nigel Evans (Ribble Valley): The Minister says that he will not dictate to public bodies that beef should be on the menu, but will he positively encourage them to put beef back on the menu?

Mr. Griffiths: I hope that my speech will be a signal of encouragement to public bodies in Wales and the rest of the United Kingdom.

The hon. Member for Ynys Môn will also be aware that the Commission last week announced that it would take action against member states, other than the UK, that fail to enforce adequately the ban of meat and bone materials in feed for ruminants. I welcome the recognition that UK controls are now the strictest in Europe.

I also welcome the Commission's publication of rules for removing risk materials from meat produced throughout the European Union. I very much hope that the Agriculture Council adopts that measure in the near future.

Mr. Richard Livsey (Brecon and Radnorshire): Will the Minister assure us that if that is not accepted by the Agriculture Council, he will instruct authorities in Wales not to accept beef products from countries that refuse to follow those guidelines?

Mr. Griffiths: The hon. Member stopped me in my tracks; I was about to consider that very point. I am sure that he knows that the Minister of Agriculture, Fisheries and Food, my right hon. Friend the Member for Copeland (Dr. Cunningham), announced recently that we will apply the same controls to imported meat as we do to our own. This is not a ban on imports—the controls will apply in the United Kingdom—but it will reassure consumers that any beef that they eat here is produced with the same rigorous attention to safety.

We hope that those steps to restore confidence in British beef will be taken on board by the public at large. We know that the final step in restoring full confidence in British beef will be having the export ban lifted.

We have fulfilled the Florence pre-conditions and we now need recognition of the measures taken and sacrifices made. Lifting the ban will not be easy, particularly in the light of the negotiating failures of the last Administration, but we hope that this Government's constructive and positive approach to the Commission's ruling will pay dividends. We are, at this very moment, exploring with the Commission how we can best move forward.

We shall give a detailed technical response to the points made by the EU's scientific veterinary committee on our certified herd proposals very quickly. We recognise that consumers in all member states will be anxious to have full assurances in line with scientific assessment of the risk. At the same time, we will press for the ban's removal where those assurances can be given.

In addition, in order not only to restore the pre-crisis level of beef sales but to increase them, we need to make consumers more aware of the quality and versatility of the product. That can most effectively be done through efficient marketing and promotion activities. The Government are taking steps to promote beef and beef products.

The hon. Member for Ynys Môn will know that, in Wales, the body charged with undertaking that task on behalf of the Welsh food industry is Welsh Food Promotions Ltd., which is actively supported by the Welsh Office. In the past year, it has sponsored numerous promotional events, including the Welsh beef championships; promoted our beef at food events both at home and abroad; and is working with mainstream retailers to secure contracts for Welsh producers and processors. It also operates schemes such as the farm assured Welsh livestock scheme, with more than 3,000 members, to help give consumers confidence in the quality of Welsh beef.

I hope that Welsh beef farmers will also consider how they might come together, for example in co-operatives, to negotiate with supermarket chains and provide them with a ready supply of good-quality beef.

Mr. Cynog Dafis (Ceredigion): Are not animal welfare and environmental sustainability also relevant to the marketing of both Welsh beef and Welsh lamb? Are not extremely high standards of animal welfare maintained in the production of Welsh beef and lamb?

Mr. Griffiths: Yes. The hon. Member makes a worthwhile point. We must bear in mind the fact that both beef and lamb farming have extensive and traditional methods of rearing animals, and people can be reassured of the humane way in which the animals are brought up and cared for.

The measures that the Government and by agencies such as Welsh Food Promotions Ltd. have taken will restore public confidence in beef. Indeed, the evidence shows that that is beginning to happen already. The Government can demonstrate clearly the safety of British beef. Once that has been accepted by our European partners, British beef will once again take its place as a product of the highest quality on international markets.

[Mr. Griffiths]

The Government are also negotiating with theCommission to create the means by which that can be brought about. In the meantime, we are actively involved in helping the farming and food industries to promote British beef to the consumer as a quality product.

I can only hope that all those involved in purchasing, on behalf of the public, in public organisations such as NHS trusts, local government and Government Departments, will take heart from the fact that the Government are confident that British and Welsh beef is a quality product, produced under the most stringent public health and safety conditions, and that all consumers can purchase and eat it with confidence.

It being Two o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Sitting suspended, pursuant to Standing Order No. 10 (Wednesday sittings), till half-past Two o'clock.

Oral Answers to Questions

DUCHY OF LANCASTER

Sub-standard Contract Work

1. **Mr. Rhodri Morgan:** To ask the Chancellor of the Duchy of Lancaster if he will make a statement on the conditions relating to sub–standard performance by a private company carrying out work subsequent to market–testing which could lead to termination of its contract. [4927]

The Parliamentary Secretary, Office of Public Service (Mr. Peter Kilfoyle): Contracts with private companies should set out, among other things, the agreed standards of performance and the action to be taken if those standards are not achieved. Although general guidance is available, the precise conditions in each case will depend on the particular services to be provided and the expectations of the public body issuing the contract.

Mr. Morgan: I am sure that the Minister is aware that yesterday, Capita completed the first year of its three-year contract running the telephone inquiry service at Companies House in Cardiff. Is he also aware that for much of that first year Capita was operating at below 30 per cent. of the agreed standard of answering the telephone within the first six rings? In the light of that, will he agree to review the contract in its entirety?

Mr. Kilfoyle: I am sure that my hon. Friend will appreciate that that is primarily a matter for the President of the Board of Trade. I am sure that he will take the matter up with her, and I also undertake to do so.

Small Businesses

2. **Mr. Bayley:** To ask the Chancellor of the Duchy of Lancaster what measures he has taken to reduce the burden of bureaucracy on small businesses. [4928]

Mr. Kilfoyle: As promised in our manifesto, we are in the process of appointing a revitalised task force, half of whose members will represent small business. We look forward to working with them to cut red tape and ensure that burdensome new regulations are not imposed on small businesses.

Mr. Bayley: I welcome the fact that small businesses will be involved in that process. The small business contribution to the Government's welfare-to-work programme will be extremely important. As someone who has set up and run a small business, may I tell my hon. Friend that there should be necessary regulation to protect businesses, staff and customers, but that unnecessary regulation is a headache? Will he spread the message among all his ministerial colleagues to make sure that regulation is fine tuned so that it is imposed only where absolutely necessary?

Mr. Kilfoyle: I congratulate my hon. Friend, who has a long and proud record of an enlightened approach to government, especially in the local government arena. We have already made many contacts with Ministers cross-departmentally about the virtues of better quality regulation. We will shortly be establishing a cross-departmental "access business" group of Ministers so that we can break down many of the existing barriers for small businesses. We hope to achieve that by means of the most appropriate forms of information technology currently available.

Open Government

3. **Mr. Miller:** To ask the Chancellor of the Duchy of Lancaster what measures his Department is taking to improve openness in government. [4929]

The Chancellor of the Duchy of Lancaster (Dr. David Clark): I hope to publish a White Paper on freedom of information before the summer recess.

Mr. Miller: I am grateful, as I am sure that the entire House will be, for that answer. Will the Bill ensure that quangos are more open and accountable?

Dr. Clark: My hon. Friend has a long record of trying to promote openness in government. I well recall his successful efforts to ensure that *Hansard* went on the Internet. He has my assurance that we are determined to make quangos more accountable and open. That will certainly be covered by the Bill. In the meantime, my colleagues and I are keen to encourage the appropriate bodies to take heed of that and to consider ways of making their activities more open to the general public.

Mr. Forth: Will the right hon. Gentleman extend his support for openness in government to openness with the House? Does he expect to set a personal example in that regard?

Dr. Clark: Yes.

Mr. Mackinlay: In his review of open government, will my right hon. Friend contemplate considerably reducing the embargo on public records from 30 years? We should like to scrutinise the records to find out whether, during their negotiations in 1982, the Conservative Government contemplated handing over the Falkland Islands this year. Some openness on the stewardship of government by the Tories in the past 18 years would be most welcome.

Dr. Clark: We shall certainly look at the possibility of opening up more of the Public Record Office and reducing the 30-year rule. Those matters will be covered in the White Paper.

Mr. Maclennan: I welcome the information that the Chancellor of the Duchy provided at the beginning of his answer. Does he favour greater openness in respect of the budgetary process so as to open up for responsible fiscal debate the options that the Government are considering? While recognising that certain price-sensitive information cannot be published, does he agree that much of the rigmarole that we have today is fuddy duddy, archaic and unhelpful?

Dr. Clark: It is my intention that when we introduce a freedom of information Bill we should exclude as little as

possible. The issue of advice proffered to Ministers must be weighed up, but I intend to ensure that factual and analytical information is made available as widely and openly as possible.

Mr. Sutcliffe: My right hon. Friend will know that under the previous Government a fifth of all public spending was in the hands of 70,000 quangocrats. Will he make sure that his review examines the position of the Tory place men and women?

Dr. Clark: We are currently looking at the position of quangos and I hope to deal with that issue when we produce our White Paper on better government later this year.

Mr. William Ross: As so much of Northern Ireland is controlled by quangos, the right hon. Gentleman will understand that we have a particular interest in openness in government. Given also the statement yesterday by Mr. Ray Burke, the Foreign Minister of the Irish Republic, that if a parade were forced down the Garvaghy road, there would be

"serious implications for matters in this island",

will the right hon. Gentleman undertake to publish all the minutes of meetings of the intergovernmental conference and the secretariat?

Dr. Clark: I think that we are straying somewhat off the point of the question. We want to try to achieve as much consensus and openness as possible. If the hon. Gentleman and his colleagues would like to discuss their views on the issues of freedom of information, we shall happily listen to them.

Mrs. Gillian Shephard: In the interests of open government, would the right hon. Gentleman be kind enough to describe to the House the nature of the inquiry into the allegations by the hon. Member for Blaenau Gwent (Mr. Smith) announced by the Prime Minister last Wednesday? By whom was the inquiry conducted? Who was interviewed and by whom?

Dr. Clark: I very much welcome the right hon. Lady to the Dispatch Box in her new capacity. I hope that her tenure there will be long and happy. Her question is not within my responsibility and she must pursue it through the appropriate channels.

Food Safety

4. **Mr. Ben Chapman:** To ask the Chancellor of the Duchy of Lancaster how many representations his Department has received on issues relating to food safety. [4930]

Dr. David Clark: The consultation period on a food safety Act and the James report closed on 20 June. I am delighted to say that, as of yesterday, more than 600 responses had been received. In addition, ministerial colleagues in other Departments and I have met many other organisations representing a wide cross-section of interests, including consumers, retailers and producers.

Mr. Chapman: I thank my right hon. Friend for that answer. Does he agree that if such consultations had taken place earlier, under the previous Government, we might have avoided many of the expensive difficulties that resulted from their inactivity?

Dr. Clark: My hon. Friend makes a pertinent and real point. We have campaigned for many years to get a food standards agency. Indeed, I remember advancing that proposal about 10 years ago, but it was met with derision by the then Conservative Government.

The James report was commissioned by the Labour party. It has been widely recognised as a great step forward and I believe that it will do a great deal to restore public confidence in food in Britain.

Mr. Soames: Does the right hon. Gentleman agree that the food and farming industries are among the most successful in this country? *[Interruption.]*

Madam Speaker: Order. We must have some order in the House. It is difficult to hear hon. Members who are speaking. I want order from now on.

Mr. Soames: Does the right hon. Gentleman further agree that it is extremely important that any proposed legislation emanating from his review does not overburden those extremely important and successful industries?

Dr. Clark: I fully accept that the food and farming industries in Britain have a good reputation. However, there have been a number of food incidents and a number of people have died as a result. It may be that some of those incidents could have been avoided if proper regulations had been in place. Certainly, a great deal of Exchequer money could have been saved if we had avoided the food scares and incidents.

The whole point of a food standards agency is to ensure not only that the British people have confidence in the food that they eat, but that they are able to have access to the best scientific advice on food issues.

5. **Mr. Lawrie Quinn:** To ask the Chancellor of the Duchy of Lancaster what progress has been made in setting up the food standards agency. [4931]

Dr. David Clark: We have consulted on the report from Professor James. I propose to make a statement before the summer recess, and it will include a summary of the responses. We aim to produce a White Paper in the autumn and will consult further on a draft Bill thereafter.

Mr. Quinn: I thank my right hon. Friend for his answer. Although I am interested to hear of the progress on the timetable for the setting up of the food standards agency, will my right hon. Friend say something about any interim measures—*[Interruption.]*

Madam Speaker: Order. I have just called this House to order. Conversations are far too noisy. I can hear the hon. Gentlemen on the Bench behind the Member who is speaking. Settle down.

Mr. Quinn: Thank you, Madam Speaker.

What interim measures does my right hon. Friend propose before he can set in motion the timetable that he outlined? On behalf of the pensioners in my constituency of Scarborough and Whitby, I can say that we urgently want a food standards agency. We want to know what interim measures are proposed.

Dr. Clark: My hon. Friend has raised a serious point. Clearly, it will be some time before the food standards agency is established. We have worked together to ensure that a whole raft of proposals will guarantee that food safety is improved as much as possible. My right hon. Friend the Minister of Agriculture, Fisheries and Food has established a food standards and safety group to bring together areas central to food standards and food safety issues within his Department—all, we hope, under one roof and one chain of command. Accordingly, the Department of Health is revising its codes of practice on inspections of premises and on the enforcement of food hazard warnings. I assure the House that we are considering a number of proposals to ensure that interim arrangements are in place to guarantee that we can, with confidence, recommend British food to British people.

Mr. Hogg: May put it to the Chancellor of the Duchy that if we are to have a food standards agency it is extremely important that a Minister is able to explain its decisions to the House? It would be unacceptable if we failed to have an accountable Minister responsible for its decisions.

Dr. Clark: Of course that is the case. As the right hon. and learned Gentleman knows, because he spoke on agriculture at the Dispatch Box, there was much disquiet about the Ministry's handling of food issues. We recognise his substantive point: the food standards agency will ultimately be responsible to the House and we believe that that is better achieved through a Minister at the Department of Health.

Special Advisers

6. **Mr. Clifton-Brown:** To ask the Chancellor of the Duchy of Lancaster what representations he has received about the use of special advisers. [4932]

Dr. David Clark: We have had very few responses on that issue.

Mr. Clifton-Brown: Does the fact that the Chancellor of the Duchy and his Administration have felt it necessary to increase the number of special advisers from 38 to 51 reflect the competence of the special advisers or the calibre of the Ministers whom they advise?

Dr. Clark: Simply neither. We made it clear that we would have two advisers per Cabinet Minister. We also made it clear that we would strengthen the policy unit at No. 10. There are many advantages in having strategic advice available to Ministers. If Conservative Members are not aware of that by now, given their election defeat, they will never learn.

Sir Patrick Cormack: To whom are the special advisers supposed to give advice? Does their remit extend to giving advice to the press and local councillors, or should they stick to giving advice to Ministers?

Dr. Clark: It is a pleasure to welcome the hon. Member for South Staffordshire (Sir P. Cormack) to the Dispatch Box. I have known him for many years and I am glad to see him take his rightful place. It is clear that the special advisers operate under exactly the same conditions as those under which they operated during the previous Administration, and that they are answerable to Ministers.

Senior Civil Servants

7. **Mr. Sheerman:** To ask the Chancellor of the Duchy of Lancaster what steps he is proposing to recruit senior civil servants from a broad educational background. [4933]

Mr. Kilfoyle: The Government will continue to ensure that selection for senior civil service posts is on merit, regardless of educational background. The merit principle applies equally to serving civil servants promoted to the senior civil service and, of course, to those recruited from elsewhere.

Mr. Sheerman: From my temporary perch on the edge of this Bench, may I ask my right hon. Friend to read the Civil Service Commission annual report? It is worrying that there has been a substantial drop in the number of people from ethnic minorities who have been recruited into the senior civil service, and that only 23 per cent. of those getting into the fast stream are women. Can we be content with the fact that senior civil service recruitment is entirely dominated by Oxbridge? Is it not time that the other hundred decent universities supplied a good share of senior civil servants?

Mr. Kilfoyle: There is a monitoring process to ensure that ethnic minorities and women are appropriately represented in the senior civil service. The numbers being recruited from Oxbridge fell from 44 per cent. to 36 per cent. in the three years from 1993–94 to 1995–96. The fast stream development programme is designed to ensure that recruitment is from the widest range possible of appropriate higher education institutions and other bodies.

Mr. Wilkinson: Is it not to the House that policy makers look for a broad educational background, very little, or in some cases almost none at all, but from the civil service Her Majesty's Government have the right to expect impartial advice of the highest quality? Is not the hon. Gentleman right to insist that civil servants should be recruited on merit, particularly in the upper ranks, and that there should be no question of reverse or any other kind of discrimination?

Mr. Kilfoyle: I am happy to agree with the hon. Gentleman: yes, I am quite right. Criteria are set down to ensure that the highest possible calibre of civil servants are recruited, and that is the Government's aim.

Citizens Charter

8. **Mr. Barry Jones:** To ask the Chancellor of the Duchy of Lancaster, pursuant to his oral answer to the hon. Member for the City of York (Mr. Bayley) of 4 June, *Official Report*, columns 378–79, how he proposes to take into account the views of the users of public services in future proposals relating to the citizens charter initiative. [4934]

Mr. Kilfoyle: We are about to begin a series of visits and forums around the country during which we aim to

meet as many users of public services as possible. To back that up, we are considering setting up a panel, among other things, drawn from all walks of life, to inform and guide future proposals on the charter. We shall be announcing the details of this in due course.

Mr. Jones: How will my hon. Friend consider the needs of those who are elderly and those with disability?

Mr. Kilfoyle: I am happy to tell my hon. Friend that I shall shortly be meeting a series of forums, including one next week for the elderly, to ascertain their views so that we can ensure that the Government reflect the views of people in all walks of life on the services that they require.

Food Safety

9. **Mr. Heppell:** To ask the Chancellor of the Duchy of Lancaster what discussions he has had with colleagues on issues relating to food safety. [4935]

Dr. David Clark: At the request of my right hon. Friend the Prime Minister, I chair the ministerial group on food safety. In this capacity, I co-ordinate departmental considerations of issues arising from the establishment of the food standards agency and other aspects of food safety.

Mr. Heppell: Can my right hon. Friend confirm what I believe that he was saying earlier—that responsibility for the food standards agency when it is set up will rest with the Secretary of State for Health—and can he tell us how it will report to the House?

Dr. Clark: It is envisaged that the food standards agency will be a body akin to the Health and Safety Commission which for the past 20 years has served health and safety in Britain very well. At the end of the day, it has been decided that the food standards agency should report to the House through a Department of Health Minister.

Mr. Paice: I welcome the fact that McDonald's now recognises that British beef is safe, but can the right hon. Gentleman tell the House of any action taken by his Government which means that British beef was any safer last week than it was on 1 May?

Dr. Clark: It stretches credulity a little for a member of the Conservative party to talk about the safety of British beef. That is the party which was supposed to go ahead with a cull of beef cattle to try to ensure that Britain's beef herd was safe. That is the party which promised that the European ban would be lifted when it was not. The Government will take no lecturing at all on the beef industry from Conservative Members.

Open Government

11. **Mr. Ian Bruce:** To ask the Chancellor of the Duchy of Lancaster what plans he has to provide public access to information terminals to allow communication with Government. [4937]

Dr. David Clark: A number of pilot projects using public access terminals have been set up around the country. They provide information on a range of public services and local amenities. As I suspect that the hon. Gentleman knows, the purpose of the pilots is to test consumer acceptance of the terminals as service delivery mechanisms. We intend a number of similar projects to be distributed throughout the country during the coming year.

Mr. Bruce: I thank the right hon. Gentleman for that answer. Can he tell the House when citizens in my constituency, having heard the Budget speech, will be able to punch in their own details and find out how much money the Labour party intends to take out of their pockets?

Dr. Clark: The hon. Gentleman will have to wait a little while before even he knows the answer—if that is indeed the answer. In all seriousness, the hon. Gentleman has long taken an interest in the subject of his main question and, like me, he knows the implications and the impact that information technology will have on the delivery of Government information and Government services to individuals. He will be pleased to know that I have made arrangements for right hon. and hon. Members to view some of the access terminals and that a demonstration will be staged from 7 to 11 July in the Upper Waiting Hall.

Citizens Charter

12. **Mr. Evans:** To ask the Chancellor of the Duchy of Lancaster what recent representations he has received concerning the future of the citizens charter. [4938]

Mr. Kilfoyle: Two weeks ago, we met representatives from the National Consumer Council to talk about the new Government agenda, of which the charter is one part. We are also in discussion with a number of other interested organisations on the future of the charter programme. We also have the helpful report on the charter published in March by the Public Service Committee, on which the hon. Gentleman served.

Mr. Evans: As the Minister will know, the citizens charter was introduced by the Conservative Government to ensure that the level of public services was increased and that the taxpayer received a high level of public service. I know that he will not be able to assure the House that the Chancellor of the Exchequer will not introduce new taxes this afternoon—we shall not have to wait long to discover that—but can he assure us that the Labour Government will break the habit of a lifetime and that the British taxpayer will not end up paying more and receiving less?

Mr. Kilfoyle: One can take the boy out of shopkeeping, but one cannot take shopkeeping out of the boy. That may explain the hon. Gentleman's Poujadist view of what government ought to be about. As he knows, there are 41 national charters, 10,000 local charters and 645 recipients of the chartermark. We want to ensure that the whole movement is reinforced. That takes not money but will—a will that the Labour party has and the Conservative party before 1 May lacked.

13. **Mr. Connarty:** To ask the Chancellor of the Duchy of Lancaster if he will make a statement on the effectiveness of the citizens charter. [4939]

Mr. Kilfoyle: We believe that there is room for improvement, but that there is real potential in the

programme, and we intend to release it by involving ordinary people throughout the country in genuine consultation about how we can improve public services.

Mr. Connarty: I thank my hon. Friend for that answer. Does he accept that there is a real need to replace the previous Government's top-down approach to the citizens charter programme? What plans does my hon. Friend have to involve ordinary members of the public, who are the recipients of the services on a daily basis, in deciding what is an acceptable level of public service?

Mr. Kilfoyle: One of the ways in which we intend to involve ordinary people is demonstrated by the fact that we are considering setting up a people's panel, to involve many people throughout the country and find out what they expect of services both local and national. We have already mentioned that in the near future we shall be addressing forums of ordinary citizens from all over the country. In addition, we shall undertake trips to meet people in the provinces at various organisations.

Mr. Rowe: Given that virtually the only citizens in this country who are forced by law to attend a particular place are the children who have to go to school, will the hon. Gentleman consider extending the citizens charter to make it clear that schools are expected to deliver children's ability to read, write and figure?

Mr. Kilfoyle: The hon. Gentleman will be pleased to know that one of the forums that I shall soon be meeting will consist of young children, the future citizens of this country. Moreover, we have worked in partnership with the Citizenship Foundation to ensure that more than 4,000 schools that wished to do so received a pack relating directly to their interests.

Open Government

14. **Mr. Amess:** To ask the Chancellor of the Duchy of Lancaster what recent representations he has received about open government. [4940]

Dr. David Clark: My Department has received representations from more than 60 organisations and individuals, all welcoming the Government's plans for greater openness and a freedom of information Act.

Mr. Amess: Will the Minister explain to the House how the new Labour Government's professed belief in open government is compatible with the answer given by Ministers when asked a difficult question—that there will be a review?

Dr. Clark: During today's Question Time, I have not mentioned the word "review".

Mr. Pike: Will my right hon. Friend confirm that, for the first time for 18 years, we have a Government committed to open and accountable government—the exact opposite of the previous Tory Government?

Dr. Clark: I am afraid that I could not even attempt to add to the sensible words of my hon. Friend, who is absolutely correct. We now have a Government who believe in openness, transparency and accountability, and we intend to rebuild the trust of the British people in their Government.

PRIME MINISTER

Engagements

Q1. **Dr. Lynne Jones:** To ask the Prime Minister if he will list his official engagements for Wednesday 2 July. [4957]

The Prime Minister (Mr. Tony Blair): This morning, we had a Cabinet meeting to discuss the Budget. I had meetings with ministerial colleagues and others. In between, I am delighted to say that I was able to watch Mr. Tim Henman win magnificently at tennis.

Dr. Jones: Does my right hon. Friend agree with the CBI, chambers of commerce, a string of economists and even the Bank of England that tax increases and not rises in interest rates are needed if we are to convert the threatened consumer boom into sustained growth in a productive economy? Would not fair taxation changes in a generally upward direction be welcomed by the public, who want to see more spent on health and education?

The Prime Minister: My hon. Friend will have to wait for the Chancellor's statement a little later, but she is right to draw attention to the appalling state of the public finances left to us by the previous Government.

Mr. Hague: Will the Prime Minister tell the House who gave authority to the Treasury press office to confirm certain details of the Budget in advance of its presentation to Parliament?

The Prime Minister: I have to say to the right hon. Gentleman that, as far as I am aware, all Treasury officials have done is to confirm that we will do what we said we would do before the election. This may be a novel proposition for the Conservative party, but it is not for us.

Mr. Hague: Is the Prime Minister aware that on top of this morning's disclosure by the Treasury, the *Financial Times* quotes a senior member of the Government as confirming that changes to dividend tax credits will be included in the Budget—something which was not the previously stated policy of the Labour party and was not in its election manifesto? Is he aware that Hugh Dalton, the Labour Chancellor who resigned over a Budget leak—admittedly, he was old Labour and one could trust him—said that one must always own up? Who will own up for that particular leak? Will the Prime Minister mount an investigation into that leak and, in common with previous practice on Budget leaks, will it be a police investigation?

The Prime Minister: I have never heard anything quite so absurd as this.

Mr. Skinner: Hold a referendum.

The Prime Minister: My hon. Friend is right—why not hold a referendum? I say to the right hon. Gentleman that at least with this Government, the whole of the Budget was not leaked.

Mr. Hague: It is all very well for the Prime Minister to make light of the leaking of Budget details which affect

billions of pounds on the markets and the savings of millions of people. He should mount an investigation into the leak. If he does, will he make a better job of it than last week's investigation into the behaviour of the Secretary of State for Wales? When he gave us his assurance last week that an investigation had been carried out to his satisfaction, did he know that in the course of that investigation the hon. Member for Blaenau Gwent (Mr. Smith), who made the allegations, had not been contacted?

The Prime Minister: My advice to the right hon. Gentleman is to quit while he is behind. As for his going back to last week's Question Time, I think that he should stop flogging a dead horse.

Mr. Hague: My advice to the Prime Minister is to answer the question that he is paid to answer. My advice to the Prime Minister is that when there is incompetence in the Treasury, or when Budget details are leaked without authorisation, the buck stops there, with the First Lord of the Treasury.

Does it not worry the Prime Minister even a little that, after his personal assurances to the House last week, one of his own Members of Parliament said, "What the Prime Minister—I am sad to say—said is wrong"? Does the right hon. Gentleman agree that, if and when these matters are properly investigated—as they should be—the rules of conduct that he so publicly sets for others must apply to the Labour party, the Government and himself?

The Prime Minister: The right hon. Gentleman will have to wait for my right hon. Friend the Chancellor's statement, which will be made in a moment, but I can give him this assurance. We set out some clear promises in our manifesto, and we will maintain those promises: we will keep them. One of the great differences that people see between the Government and the Opposition is that when we make promises, we keep them.

Q2. **Mr. Rammell:** In the nine weeks since my election, I have received literally hundreds of letters from my constituents in Harlow about a wide range of issues; but I have yet to receive a single letter demanding a referendum on the outcome of the Amsterdam summit. Does my right hon. Friend agree with me—and, it seems, with the right hon. and learned Member for Rushcliffe (Mr. Clarke)—that there is no need for such referendums, and that they should not take place? [4958]

The Prime Minister: I thank my hon. Friend. I am rather surprised that the Leader of the Opposition did not raise that as his big point at Prime Minister's Question Time.

Apparently, the reason why some people say that there should be a referendum is the extension of qualified majority voting. I have looked carefully at both the Single European Act and the Maastricht treaty, and there are vastly greater extensions of qualified majority voting in both. Not one word about a referendum did we ever hear from Conservative Members—but then they are consistent at least in their inconsistency.

Q3. **Mr. Tyler:** In the light of the outcome of the Aitken affair, can the Prime Minister confirm that he is examining the role of the Cabinet Secretary—and, indeed, the implications for the reputation of the civil service for impartiality—given the invidious role in which the Cabinet Secretary was put, apparently as a result of Government activity? [4959]

The Prime Minister: I cannot confirm that. What I can tell the hon. Gentleman is that any allegation will be properly investigated. Many of these matters, however, are currently in the hands of the various authorities that should investigate them, and it would not be right for me to comment on them, certainly at this stage.

Q4. **Mr. Pickthall:** My right hon. Friend will understand the concern of those living in areas bordering the northern parts of the Irish sea about the revelation of the secret dumping of radioactive material in the Beaufort Dyke. I commend the Minister of State, Ministry of Agriculture, Fisheries and Food, my hon. Friend the Member for Birmingham, Perry Barr (Mr. Rooker), for the speed with which he has made the information public, but will my right hon. Friend assure us that such secret dumping is not happening now, and cannot happen in the future? Does he agree that this is a fine example of the need for open government? [4960]

The Prime Minister: I can confirm that, contrary to assurances that were given in good faith by Conservative and Labour Governments, some radioactive material was, apparently, dumped at Beaufort Dyke in the 1950s. Our understanding and my advice is that it was of an extremely small nature and that it poses no risk either to human health or to the environment. We have received further information, and as it becomes available we will make it public, because we are concerned to ensure that anything that is alleged is brought out into the open so that people can know exactly what happened.

Sir Sydney Chapman: Can the Prime Minister inform the House as a matter of open government whether the impending so-called anti-sleaze Bill will contain a provision to make it an offence for a Member of Parliament to induce another Member of Parliament to give up his seat in return for a peerage?

The Prime Minister: I can assure the hon. Gentleman that, in contradistinction to the previous Government, we shall uphold the highest standards in public life.

Q5. **Mr. Berry:** Will my right hon. Friend acknowledge the warm welcome given by disabled people to the Government's pledge to introduce comprehensive and enforceable civil rights legislation, and not least by the 1,000 or so people who lobbied Parliament yesterday? What action is being taken to implement that manifesto commitment? [4961]

The Prime Minister: First, I congratulate my hon. Friend on all the work that he has done for disabled people. We are currently considering his Disability Rights Commission Bill. Our discussions with employment Ministers and disability organisations are continuing, and I am sure that they will result in the fulfilment of our manifesto pledge. It is worth pointing out that advances that have been made in the field of disability have always

been criticised at the time and have always ended up benefiting the vast majority of people in the country, disabled or not.

Mr. Ashdown: Earlier, the Prime Minister told us that when he had made promises he would keep them. At the general election, he made two promises: that the Government would cut taxes, and that they would improve public services. Does he believe that he can keep both?

The Prime Minister: I suggest that the right hon. Gentleman waits for the Budget statement that is about to be made.

Mr. Ashdown: Let me be more specific: one of the Prime Minister's key pledges—I think that they were called sacred pledges—was to cut class sizes, but the Government are forcing local authorities to continue to sack teachers. How is it possible to cut class sizes and to kick out teachers at the same time?

The Prime Minister: As the right hon. Gentleman knows, we are committed to cutting class sizes for five, six and seven-year-olds to 30 or fewer. We are committed to that, and we will do it. That is to be funded by phasing out the assisted places scheme. That Bill is on its way through the House of Commons now. We said that we would do that, and we will do it. If we do not, the right hon. Gentleman can come back and tackle us on it.

Q6. **Mr. Soley:** Following the successful transfer of sovereignty in Hong Kong, does my right hon. Friend agree that we have a genuine opportunity, over the period for which the Anglo-Chinese agreement continues, not only to exercise our rights and duties in respect of the freedoms of the people of Hong Kong but to build a much more productive and positive relationship with the people and Government of China, with a two-way exchange to the benefit of the people of both countries? [4962]

The Prime Minister: I agree with my hon. Friend. It is important to realise that the basis of a strong and stable relationship with China, which we want, is adherence to the joint declaration. That is the basis of the freedoms of the people in Hong Kong and we will expect it to be adhered to. In particular, it is important to put the elections that should be held within the year in the context of that joint declaration.

It is also the case that, through the joint liaison group between Britain and China, which will exist up to 2000, and with our continuing commitment for 50 years under the joint declaration, we shall have a continuing interest in Hong Kong. It is in the interests of Britain, China and the people of Hong Kong that we make sure that the joint declaration is kept to strictly—which we will—and that we build upon that a strong and good relationship with China for the future; we will do that, too.

Sir Peter Tapsell: Does the Prime Minister understand that his attempt to trivialise allegations of a Budget leak can only be damaging to his reputation, especially in view of his many statements that he would aim, as we all hope that he will, for the maintenance of the highest possible standards in public life? Is he aware that the alleged statements by Ministers, which were circulating as rumours throughout the City for the whole of yesterday, resulted in the largest rise in the FTSE index for five years? This is a very serious matter. *[Interruption.]* Hon. Members opposite are always attacking the fat cats so it is rather extraordinary that they are so much in favour of them now when they are getting their cream from Labour ministerial leaks.

The Prime Minister: To my certain knowledge, I have sat through 14 Budgets of the previous Conservative Government, and some of my hon. Friends have sat through 18. There is Budget speculation every year. It happens all the time; it happened under the previous Conservative Government and I do not doubt that it will happen for ever. It is simply a matter of the way it goes. As for the leaks about which the Conservative Opposition are complaining today, those are things that we said that we would do in our manifesto and intend doing.

Q7. **Mr. Healey:** Is the Prime Minister aware that the legacy of the previous Government has left the Rotherham area with the highest unemployment rate of anywhere in the Yorkshire and Humberside region? Nearly one in three of our unemployed are under 25. Will he therefore spell out what guarantees he can offer to the young people of Rotherham and Dearne that their job prospects will improve under the current Government? [4963]

The Prime Minister: I thank my hon. Friend for that question. No doubt if I mention the windfall tax I will be accused of leaking the Budget, but that measure was set out clearly in our election manifesto. The purpose of it is to give a chance to young people in my hon. Friend's area, my constituency and many other parts of the country who do not have hope and opportunity, or the possibility of getting a job or decent skills. They will get that chance for themselves because it is right that they should have the chance to do well for themselves and on behalf of the country, because the whole country benefits from a fairer, more decent and more civilised society.

Rev. Martin Smyth: Does the Prime Minister agree with me that threats from the Provisional IRA or loyalist Protestant volunteer forces are neither wanted nor helpful at this time? Does he also agree that there is something wrong when, although civil servants were aware of an aide-memoire response from Sinn Fein, the Secretary of State for Northern Ireland was, apparently, not informed? Surely in open government civil servants should advise Ministers accurately.

The Prime Minister: I am not entirely sure that I understood one part of the hon. Gentleman's question and forgive me if I did not. I will write to him if there is any misunderstanding.

The aide-memoire was passed by the Government to Sinn Fein in the circumstances that I explained last week. I entirely agree with the hon. Gentleman about the case against threats or intimidation to the process. We will resist them now, and if the set of circumstances ever comes about in which there are all-inclusive talks, we will resist them then as well. What we want to see is a lasting political settlement, but the only people who have the right to play any part in that are those who are giving up violence, not those who are following it.

Q8. **Mr. Jim Cunningham:** Does my right hon. Friend agree that when crime is committed in the community we

all become victims of it? Can he therefore say what the Government intend to do to protect the victims of crime? [4964]

The Prime Minister: I can tell my hon. Friend that, tomorrow, the Home Secretary will announce a series of measures that will improve the treatment of victims within our court system. In particular, they will try to deal with the intimidation of victims and witnesses, which is an extremely serious problem. I can assure my hon. Friend that crime is an issue which is raised with us continually and we will act upon it.

Q9. **Mr. Wigley:** Is the Prime Minister aware that in Wales, and no doubt elsewhere, health trusts and health authorities are teetering on the verge of bankruptcy because of a lack of funds? Because of underfunding by the previous Government, nurses are being sacked; beds are being closed; and commitments on community hospitals are not being fulfilled. Will he give an assurance that his Government will provide adequate resources to ensure that in the coming winter no one goes without a bed in hospital if in need? [4965]

The Prime Minister: We shall do our very best to ensure that that happens. I have to say two things. First, it is important that any money that we spend on the national health service goes into patient care, which is why we are committed to ending the Conservative internal market and making sure that that money goes to patients rather than bureaucrats and administrators. Secondly, it is extremely important that we take all the steps necessary to make sure that the national health service is available for people on the basis of need, not ability to pay. I assure the hon. Gentleman that those two principles will underwrite everything that we do.

Ms Hewitt: Does my right hon. Friend agree, without tempting him into any Budget leaks, that millions of families who have been struggling to pay more than 20 tax rises imposed on them by the previous Government will be hoping in this afternoon's Budget for a cut in the rate of VAT on fuel and for a commitment to reduce, and not raise, tax rates for ordinary working families?

The Prime Minister: I can certainly say, without in any way entering into Budget discussions, that we will adhere to our promises. Those promises include cutting VAT on fuel. When the last Government introduced that it caused enormous distress to ordinary families throughout the country, and especially to pensioners, who ended up bearing the brunt of it.

Q10. **Mr. Willetts:** Can the Prime Minister confirm that he supports the principle of independent taxation of husband and wife? Would it not be inconceivable to go back to the days when the incomes of husband and wife were taxed jointly? Will he therefore assure the House that nothing in the Government's review of integrating tax and benefits will undermine that principle? [4966]

The Prime Minister: As I have said to other hon. Members, I am not getting tempted into anything that might happen later this afternoon. We set out our principles on taxation clearly in our manifesto and we will keep to them.

Mr. Corbett: Can the Prime Minister confirm that his Government attach high importance to giving every possible assistance to helping the two Cypriot communities reach agreement on a federal bi-zonal solution to what has unhappily been known for the past 25 years as the Cyprus problem?

The Prime Minister: Yes. I can confirm that we remain committed to that. We will have the European Union presidency in the first part of next year. As I said to the House a week ago, we are committed to using the presidency to find the long-term solution to the problem of Cyprus that everyone wishes to see.

Q11. **Mr. Rendel:** Given that the money from the cancellation of the assisted places scheme cannot become available to the Government for at least another year, and that many local education authorities are already threatening to sack teachers this year—Labour-run Bury, for example, is threatening to sack 167—does the Prime Minister admit that teacher-pupil ratios will continue to get worse and that the number of primary school children in classes of more than 30 will continue to grow for at least another year? [4967]

The Prime Minister: What I can confirm is that tremendous problems have been left to us. We have to deal with those problems as we can, making progress in the way that we are able to, given the difficulties of public finances and all the rest that we have inherited. In this matter, as in others, people expect us to make progress as we are able. If we had the support of all parties in the House to get through the measures that we need to get rid of the assisted places scheme and put in place the funding of lower class sizes, we would be able to make swifter progress. We will do all that we can consistent with the proper management of the nation's finances. If I may say so, that is the difference between government and opposition.

Ayrshire (Visit)

Q12. **Mr. Donohoe:** To ask the Prime Minister when he next expects to visit Ayrshire. [4968]

The Prime Minister: I have no immediate plans to visit Ayrshire, but I have done so many times in the past and no doubt will do so again.

Mr. Donohoe: That is a great shame because Ayrshire is such a beautiful county. My right hon. Friend does not know what he is missing. I am sure that we will be able to entice him to the wonderful Ayrshire coast—the Clyde coast—in the not-too-distant future. More seriously, if he were to come he would learn that there is a tremendously high level of drug taking in Ayrshire. Local health board estimates suggest that 30,000 people have at some point taken drugs. Knowing of his commitment before the general election to set up a task force, what progress has been made by him and by my right hon. Friend the Home Secretary?

The Prime Minister: The proposal that we made during the course of the election to appoint one person—

the so-called drugs tsar—to be in charge of all aspects of our policy, will be put into effect shortly. We are concerned to move quickly on the problem, not merely because of the effects that my hon. Friend has mentioned in relation to his constituency and others, but because of the absolute, hard and overwhelming evidence of the link between drug abuse and crime. That is why we are going to introduce measures, not merely to crack down on drug abuse and those taking and peddling drugs, but to tackle some of the underlying causes of crime such as youth unemployment.

Mr. Alasdair Morgan: My question relates to Ayrshire, particularly the Ayrshire coast and the coast of the south-west of Scotland. Can we expect an early statement on the problems of the munitions in Beaufort Dyke, particularly the revelations about radioactive waste being dumped there?

The Prime Minister: We have made available such evidence as exists. The reason why the subject is being discussed today at Prime Minister's questions is precisely because when it came to light that, contrary to previous Government assurances, which were made in good faith, radioactive material had been dumped, we disclosed that fact. That is why we are discussing the matter now; if further information comes to light, we shall disclose that. I repeat, because it is important that people should not become unnecessarily alarmed, that the advice that I have been given is that the dumping was of a low level and that there is no risk to human health or the environment. If any further evidence, or anything that may change or mitigate that statement, comes to light, we shall make the information available to the House.

Engagements

Q13. **Mr. McAllion:** At the United Nations summit on social development in 1995 it was agreed that each participating Government should draw up a national plan for the eradication of poverty. Is my right hon. Friend aware that the last Tory Government subsequently ratted on that commitment, claiming that such a plan was not needed in this country? Does my right hon. Friend agree that that represents a calculated insult to the many millions of our fellow citizens who live in poverty or on the margins of poverty? Will he put that wrong right by committing this Labour Government to drawing up a national plan within an agreed time scale? [4969]

The Prime Minister: This Government certainly regard the eradication of poverty as one of their aims and objectives. That is why we want the windfall tax to reduce youth unemployment, why we believe in cutting VAT on fuel and why we are now looking into how the benefits system, particularly the interrelationship between the tax and benefit system, can be improved so that it gives people incentives to get back to work. It is also why we are looking across a range of issues in relation to the welfare state to see how we can make the provision fairer, more effective and more modern.

Mr. Tom King: Is the Prime Minister aware that he has given the clearest impression to the House today that he does not regard the leaks that have been discussed as very serious? Is he aware that there is prima facie evidence that a number of people have made a substantial amount of money by relying on the stories or attributions that have allegedly come from members of the Government? This is a serious matter as it goes to the heart of the integrity of Government. Has he taken senior advice on this matter, which seems to many of us to be a very serious issue for his Government?

The Prime Minister: Speculation about what is in the Budget occurs every year to my certain knowledge. *[Interruption.]* Yes it does. If the right hon. Gentleman wants to go back, as I have done, and check last year's press cuttings from the Conservative Budget he will find that they were all over the place—they involved senior Government sources and other sources. What is happening is merely the usual round of speculation. The Conservative party is tackling this issue because it is afraid of tackling the real issues.

Mr. Skinner: Is my right hon. Friend aware that as a result of the massive pit closure programme of the past 18 years and, particularly, the past few years, there is not a single pit left in the Derbyshire coalfields—and the same applies to many other coalfields? Will he take into account the fact that there has not been any overheating of the economy in any of those coalfield areas? When he is drawing up plans arising from the Budget or afterwards, will he bear in mind the fact that, whatever improvement takes place generally, some sort of an industrial development plan is needed for those coalfield areas, where poverty and mass unemployment still reign supreme as a result of the past 18 years?

The Prime Minister: I think that my hon. Friend is absolutely right in what he says. That is why it is important—whatever the general state of economy—that we take specific and targeted measures on unemployment that take account of the fact that, for those areas that have engaged in huge industrial restructuring, there must be specific help for people there. It is also one of the reasons why we are committed to development agencies in the regions that can co-ordinate inward investment and the development of small, medium, starting-up and other businesses coming in to supplant those that have gone. That type of specific, targeted activity is a very important part of our economic and industrial policy.

Budget Statement (Advance Disclosure)

3.30 pm

Mr. Peter Lilley (Hitchin and Harpenden) (*by private notice*): To ask the President of the Council and Leader of the House of Commons if she will move to set up a Select Committee to investigate advance disclosure of the Chancellor of the Exchequer's Budget statement. *[Interruption.]*

Madam Speaker: Order. I will take no points of order until after the private notice question. I want to hear what the right hon. Gentleman has to say at the Dispatch Box. The House will come to order and hear exchanges. Mr. Lilley.

Mr. Lilley *indicated dissent.*

Madam Speaker: In that case, we will have silence for Mrs. Taylor.

The President of the Council and Leader of the House of Commons (Mrs. Ann Taylor): No, we do not intend to establish such a Committee. There is always speculation at the time of the Budget about its contents, as the right hon. Gentleman, a former junior Treasury Minister, should know. I have seen no evidence that details of the Budget statement have been leaked. If the complaints are that we are sticking to manifesto commitments and election pledges, then, as the Prime Minister made clear, we are happy to confirm that this is the case.

Mr. Lilley: I had rather hoped that the right hon. Lady, recognising that she acts for the whole House rather than for the Government, would take this matter more seriously—certainly more seriously than her right hon. Friend the Prime Minister—act on precedent and set up an inquiry. Does she not recognise that these are matters of the highest importance to the authority of the House and to the integrity of financial markets? That is why a previous Labour Chancellor, who himself disclosed contents of his own Budget before that Budget, was required to resign and the same has happened to other Treasury Ministers.

The right hon. Lady says that this relates to matters that were in the Labour party's manifesto. Neither of the issues disclosed before the Budget today was in the Labour party's manifesto. They are not a matter of speculation, but of disclosure of specific matters which will be in the Budget. If she says that it was a matter of which we all should be aware, why was it that, when the Treasury revealed the details of the plans to abolish in this Budget the tax relief for medical insurance for the elderly, the BBC thought that was news, Ceefax thought that was news and the journalists who phoned me thought that was news? They did not think that it was established policy and, unlike the Treasury which said that it was in the manifesto, they knew that it was not in the Labour party manifesto. It had never been declared as policy and a possible content of this Budget in the House, and I would submit to the right hon. Lady that it should not have been revealed to journalists before it was disclosed in the Budget statement in the House.

Whatever the right hon. Lady may say about that issue, she will surely agree that the second disclosure, on the front page of the *Financial Times* today, written by its respected political correspondent, states:

"A senior member of the government said"—

about the plans to abolish dividend tax credits and take billions of pounds out of pension funds—

"the markets are bonkers . . . we are pressing ahead"

with these plans. That is a clear disclosure of a very price-sensitive matter. Will the right hon. Lady agree that it is necessary to inquire into the fact that there have been share price movements following both disclosures?

Does the right hon. Lady recall that when an official, without authorisation, leaked the contents of the Budget last year, the then shadow Chancellor—now the Chancellor—said:

"I condemn this leak and I think nobody can condone the leak of sensitive Budget matters the day before the Budget. I am sure that a full inquiry is going to be mounted"?

Why is no inquiry to be mounted on this occasion? Why is no Select Committee to be set up, even though one was in the Hugh Dalton case? Does the right hon. Lady agree with the former Labour Prime Minister, Attlee, who said:

"The principle of the inviolability of the Budget is of the highest importance, and the discretion of the Chancellor of the Exchequer must be beyond question"?

Does she agree with Hugh Dalton's reaction when he was urged not to admit that he was the Minister responsible? Does she accept that whichever Treasury Minister briefed *The Times* and was quoted by the *Financial Times* must own up and say that he did it? Finally, does she agree that there must be an inquiry to clear up these matters before we can proceed?

Mrs. Taylor: I think that the right hon. Gentleman has confirmed our fears that this is nothing more than a pathetic attempt to disrupt the Budget, because the Opposition are so afraid of the popularity of our manifesto commitments. The right hon. Gentleman really ought to learn the difference between speculation and disclosure. As my right hon. Friend the Prime Minister has said, speculation of the type that appears in the *Financial Times* today has preceded every other Budget, too.

As for the abolition of tax relief on medical insurance, which the right hon. Gentleman claims has been revealed to the world for the first time today, I remind him and his colleagues that on 25 February 1997 the Conservative party published an attack on Labour's plans which included the words:

"Labour are committed to cutting VAT on fuel to 5 per cent. Labour have said that they will pay for this by abolishing tax relief on medical insurance for pensioners."

I can confirm to the House that the purpose of Budget secrecy is to prevent sensitive material from being leaked, not to prevent manifesto commitments from being kept.

Mr. Robert Sheldon (Ashton-under-Lyne): Budget day would not be—

Hon. Members: Call Kenneth Clarke!

Madam Speaker: Order. A right hon. Gentleman is on his feet.

Mr. Sheldon: Budget day would not be the same if there were not rumours and guesses about the contents of

the Budget. The only quotation in the *Financial Times* states that a senior Minister has said, "We are pressing ahead." That is what we are doing—pressing ahead.

Mrs. Taylor: I think that my right hon. Friend will shortly find out that that is the case.

Mr. Paul Tyler (North Cornwall): May I add to the quotation that has been read? It also said:

"A senior member of the government said: 'The markets are bonkers'".

Is that not true, Madam Speaker?

May I make a constructive suggestion? I wonder whether the Leader of the House heard her colleague, the Chancellor of the Duchy of Lancaster, responding to a point made by my hon. Friend the Member for Caithness, Sutherland and Easter Ross (Mr. Maclennan) about the advantages of open government in relation to the budgetary process.

If, among Government steps to improve the position, we had more public discussion, before the Budget, of the fiscal options, so that such speculation as took place took account of that discussion and had that as background, and if, as part of the plans for open government, the Government would now give us an undertaking that those strategic options and fiscal opportunities would be discussed in the open, without the Chancellor disappearing into purdah for so many weeks, we would have a much healthier democratic discussion than we do at the moment.

Mrs. Taylor: I really think that we cannot have it both ways. We cannot have complaints that there has not been enough secrecy and, at the same time, complaints that there has been too much.

Mr. Gerald Kaufman (Manchester, Gorton): Madam Speaker, this morning you rebuked one of the minority parties for playing childish games. Will you now rebuke another of the minority parties for playing childish games, and point out that that type of childish game, which the electorate are sick of, explains why that party is on the Opposition Benches and why, after the next general election, it will be on the Opposition Benches below the Gangway?

Mr. William Cash (Stone): As the Leader of the House has said that this is a matter for speculation, as has the Prime Minister, does she accept that there are strong grounds, as there were in 1947, for a stock exchange investigation to establish whether there is a connection between the soaring market prices yesterday and the allegations that have been made? Will she say whether she thinks that there should be a stock exchange investigation, and would she object if there were one?

Mrs. Taylor: No. I see no reason for one.

Mr. Dale Campbell-Savours (Workington): May I say to my right hon. Friend that I have a copy of the *Financial Times* article, and it is clear that not one single word in that article could be construed as a Budget leak, not even in the wildest possible circumstances of imagination? Is not the reality that all we have here is a publicity stunt by the Tories, and that the country will not be fooled?

Mrs. Taylor: My hon. Friend is right. The country will not be fooled, and I think that the country is looking forward to hearing the Chancellor of the Exchequer's Budget statement.

Mr. Bernard Jenkin (North Essex): Will the right hon. Lady, in the interests of her manifesto commitments in favour of open government and the highest standards in public life, therefore be happy to name the senior member of the Government who is mentioned in the article? Why will she not tell us—or is she ashamed of it?

Mrs. Taylor: The hon. Gentleman is talking about speculation in the newspapers, which takes place on every occasion.

Audrey Wise (Preston): Does my right hon. Friend agree that it is by no means unusual for share prices to move on the basis of unfounded rumour? Will she, therefore, agree that this exposes the thinness of the Opposition's likely response to our right hon. Friend's Budget statement when he is finally allowed to make it? Does she share my impatience for us to get on with it?

Mrs. Taylor: Yes.

Mr. Alex Salmond (Banff and Buchan): As I remember it, the Conservatives got quite upset when their Budget statements were delayed in one year or another. Given that many other countries have much fuller discussion and debate in the run-up to the Budget, is there not a case for far more discussion, not less? Should we not demystify the rigmarole and flummery of the Budget, and would that not be more important than the Chancellor's changing his jacket or his Budget box?

Mrs. Taylor: My right hon. Friend the Chancellor has made his priorities clear, which is why he is anxious to make his statement to the House.

Mr. Dennis Skinner (Bolsover): Does my right hon. Friend recall that, only last year, a Budget leak was sent to the *Daily Mirror*? For some obscure reason that I shall never understand, the *Daily Mirror* decided not to print it. But *The Sun* took the story and printed it. I did not hear a single word or a squeak from any Tory Member in support of a Select Committee and, what is more, we did not get a statement about it either.

Mrs. Taylor: My hon. Friend is right. Opposition Members have slipped into opposition mode very easily.

Mr. Douglas Hogg (Sleaford and North Hykeham): Does the Leader of the House—*[Interruption.]*

Madam Speaker: Order.

Mr. Hogg: Does the Leader of the House accept—*[Interruption.]*

Madam Speaker: Order. The House will come to order and hear the right hon. and learned Gentleman.

Mr. Hogg: Does the Leader of the House accept that the House has a right to know the Government's position?

[Mr. Hogg]

Is she saying that there was no leak or that there was a leak, but it does not matter? We are entitled to know. Moreover, does she accept that, in view of the lamentable way in which last week's inquiry into the allegations against the Secretary of State for Wales was conducted, the proper way, in accordance with precedent, is to set up an inquiry under the Tribunals and Inquiries Act 1971?

Mrs. Taylor: The right hon. and learned Gentleman should have been listening to what I said earlier. I said that I have seen no evidence that any details of the Budget statement have been leaked. He says that he wants to know what we stand for. We went through the election campaign saying what would be in our first Budget. We shall find out soon to what extent we have kept our word.

Several hon. Members *rose—*

Madam Speaker: Order. We shall now move on to the Budget.

WAYS AND MEANS

Budget Statement

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that, at the end of the Chancellor's statement, copies of the Budget resolutions will be available in the Vote Office.

3.46 pm

The Chancellor of the Exchequer (Mr. Gordon Brown): The Budget that I lay before the House today represents more than simply an allocation of resources and an accounting of revenues. Behind the numbers and statistics, the central purpose of the Budget is to ensure that Britain is equipped to rise to the challenge of the new and fast-changing global economy—not just a few of us, but every one of us.

The impact of the global market in goods and services, and of rapidly advancing technology, is now being felt in every home and community in our country. New products, services and opportunities challenge us to change; old skills, jobs and industries have gone and will never return. Yet for our country, the first industrial nation, this new global economy, driven by skills, creativity and adaptability, offers an historic opportunity. The dynamic economies of the future will be those that unlock the talent of all their people, and our nation's creativity, adaptability and belief in hard work and self-improvement—the very qualities that made Britain lead the world in the 18th and 19th centuries—are precisely the qualities that we need to make Britain a strong economic power in the 21st century.

To achieve that, however, we must address the four weaknesses that have held us back for too long and for too many years: instability; under-investment; unemployment; and waste of talent. In this Budget, I shall address each of those weaknesses in turn, to ensure stability, investment, work and opportunity for all.

I turn first to stability, because without stability all plans for investment, employment and education founder. In a global economy, long-term investment will come to those countries that demonstrate stability in their monetary and fiscal policies and in their trading relationships, and for Britain that means a commitment to stability in our relationships with Europe.

In May, the Government established a wholly new framework for monetary stability—open and accountable, based on clearly established rules and discipline, the Government setting the inflation target, and the Bank of England setting interest rates to meet that target. That reform signified our determination to break from the short-termism of the past and to establish long-term confidence. In this Budget, I shall match those measures for long-term monetary stability with measures to promote long-term fiscal stability.

The Chancellor is first and foremost the guardian of the public finances—the people's money. During the 1990s, however, the national debt has doubled. This year alone, the taxpayer will pay out debt interest payments of £25 billion—more on debt than we spend on schools.

Public finances must be sustainable over the long term. If they are not, the poor, the elderly and those on fixed incomes who depend most on public services will suffer most. Therefore, as with our approach to monetary policy, so in fiscal policy: we will now establish clear rules, a new discipline, openness and accountability.

My first rule—the golden rule—ensures that over the economic cycle the Government will borrow only to invest, and that current spending will be met from taxation. My second rule is that, as a proportion of national income, public debt will be held at a prudent and stable level over the economic cycle. To implement those rules, I am announcing today a five-year deficit reduction plan. Those rules and that plan will ensure an historic break from the short-termism and expediency that have characterised the recent fiscal policies of our country.

As with our monetary policy, our fiscal policy will be all the more credible for being open and accountable. Immediately on coming to office, the Government invited independent scrutiny by the National Audit Office of key assumptions in the public finance forecasts. That independent scrutiny will continue into future Budgets, with further work by the National Audit Office, and with publication, some months in advance of every Budget, of an assessment for open debate in the country of what is happening to the economy and to the people's money.

My Budget today sets out a forecast for public borrowing this year and next, and for the following three years, projections for the public finances based on different scenarios for the growth of public spending. I can report that in each and every case, our deficit reduction plan ensures that we are on course to meet the two fiscal rules that will guide our approach to the public finances.

Any Budget seeking to achieve high and stable levels of growth and employment must be guided by the true state of the public finances, and also by a clear assessment of the state of the economy. I now turn to that.

We have seen a rapid growth of consumer spending of nearly 4 per cent. over the past year. With the prospect of further windfalls from the building societies, consumer spending is likely to remain strong.

There has been a sharp rise of 7 to 11 per cent. in house prices, with even higher rises in the south-east. The growth of average earnings has accelerated to 4½ per cent. a year. The rate of broad money growth has been around 10 per cent. for a year. Those increases in consumer spending, earnings and money supply are continuing even as industrial production and manufacturing output have been recovering only slowly. It is essential that consumer spending is underpinned by investment and industrial growth.

Britain cannot afford a recurrence of the all-too-familiar pattern of previous recoveries: accelerating consumer spending and borrowing side by side with skills shortages, capacity constraints, increased imports and rising inflation.

Already, there are warning signs that the pattern could be repeated. In similar circumstances, some of my predecessors have ignored the signs, while others have deluded themselves into believing that growth, however unbalanced, was evidence of their success. I will not ignore the warning signs and I will not repeat past mistakes.

The Treasury's assessment is that the output gap is close to zero, and there is a risk that output could already be above trend. In other words, our sustainable rate of

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growth is too low for growth to continue at its current pace without the risk of more inflation. That is why in May I judged that interest rate increases were necessary, and events since then have confirmed that it was the correct judgment. But against these pressures, we must take into account both the subdued level of producer-price inflation and the current strength of sterling, which, over the past year, has appreciated by 18 per cent. I understand and share the concerns of industry and exporters and will address them.

As the figures demonstrate, there is now an imbalance between strong growth in the consumer and service sector and weak growth in the manufacturing and exporting sector. Nevertheless, what worries manufacturers even more is that inflation could get out of control and herald a return to the instability of stop-go.

My goal, therefore, is to ease inflationary pressures without damage to industrial and exporting prospects and to do so in a way that is consistent with our long-term objective of high and stable growth and employment. In this way, we can moderate the upward pressure on interest rates and on the exchange rate as well as further our objective of sustainable public finances.

I have therefore decided to tighten fiscal policy, as a result of Budget measures including the windfall tax, by £5½ billion this year and £4¾ billion next year and, with the resulting reductions in the deficit, I am able to present an economic forecast putting us back on course for a more balanced and more lasting recovery and for long-term stability in the public finances.

The forecast is that national income will grow by 3¼ per cent. this year and 2½ per cent. next year before returning to its trend rate.

Consumer spending, which is expected to increase by 4½ per cent. this year, is forecast to grow more slowly at 4 per cent. next year.

Business investment, which has failed to meet expectations over the past two years, is forecast to rise strongly this year and next, so increasing investment as a share of our national income.

Finally, inflation is expected to remain at 2½ per cent. this year, the Government's target, rising slightly to 2¾ per cent. next year as a result of the failure by the previous Government to take early action to control inflation, before returning to 2½ per cent in 1999.

To achieve long-term stability is to achieve something no Government have done for decades. But stability is a necessary, not a sufficient, condition for the Government's objective of high and stable levels of growth and employment.

A prudent estimate of the current trend rate of growth is only 2¼ per cent., so raising the long-term growth rate of our economy is our major challenge. That is why the announcements that follow represent a new kind of Budget for higher growth—one whose main priorities are to invest for the long term, particularly in skills, to modernise the welfare state and to maximise opportunity for all—the modern route to economic success.

While previous Budgets used to be about dividing up today's wealth, this and future Budgets will thus concentrate on laying the foundations for tomorrow's wealth, and it is to far-reaching measures that will raise the quantity and quality of investment that I now turn.

Since 1980, the United Kingdom has invested a lower share of national income than most other industrialised countries, and national income per worker has been lower, too. For every £100 invested per worker in the United Kingdom, Germany has invested more than £140, the United States and France around £150, and Japan more than £160 per worker.

The objective behind our two-year-long corporate tax review—begun in opposition—has been to develop a tax system that encourages personal savings, favours higher levels of investment, rewards long-term investment and is fair to all. Our consultations on capital gains tax will be completed in time for the next Budget.

Half the adult population of our country hardly saves at all. So, in order to encourage personal savings, the Government will, as promised, introduce from 1999 individual savings accounts, extending the principle of TESSAs and PEPs and continuing to offer favourable tax reliefs for saving. Through the new individual savings account, we intend to encourage the habit of saving among people who have never saved before. I can confirm also that this Budget will not proceed with the previous Government's proposal to phase out tax relief on employee pension contributions.

This point in the recovery is, however, the right time to make changes in corporation tax to encourage more long-term investment. My changes in monetary policy were designed to help companies make long-term investment decisions with confidence. The changes in corporation tax are directed to the same long-term objective.

I want the United Kingdom to be the obvious first choice for new investment, so I have decided to cut the main rate of corporation tax by 2 per cent., from 33 per cent. to 31 per cent., the lowest ever rate in the United Kingdom. This means that we shall have the lowest corporation tax rate of any of our major competitors—Germany, France, America or Japan—and we shall have it under a Labour Government. This is a long-term commitment which will increase both inward investment and domestic investment to the benefit of the whole country.

Too often, British companies have invested too little and too late in the economic cycle. Because I want companies to get the benefit now, the 2 per cent. corporation tax cut will apply from April 1997. This tax cut is the first component of this Budget's investment strategy. The second is a structural reform that will also encourage investment.

The present system of tax credits encourages companies to pay out dividends rather than reinvest their profits. That cannot be the best way of encouraging investment for the long term, as was acknowledged by the previous Government. Many pension funds are in substantial surplus and at present many companies are enjoying pension holidays, so this is the right time to undertake a long-needed reform. The previous Government cut tax credits paid to funds and companies, so with immediate effect I propose to abolish tax credits paid to pension funds and companies.

In all the consequential changes I will make, I have been, and I will be, fair. For PEP holders, for individuals who do not pay tax and for charities, tax credits will continue to be paid until April 1999. By that time, the introduction of the individual savings accounts will ensure

that individuals have the opportunity to continue to be able to save with tax advantages. So they will continue to have favourable tax incentives to invest in equities. Basic and lower-rate taxpayers do not pay any extra tax on dividends that they receive and that will remain the position, and we shall ensure that higher-rate taxpayers will pay no more than they do now on their dividends.

Advance corporation tax will continue to be paid by companies on their dividends at the same rate as now. To stop the yield from ACT being eroded by greater use of foreign income dividends, we are ending the foreign income dividends scheme from 6 April 1999. International holding companies will continue to pay dividends out of foreign income without paying advance corporation tax.

I shall make special provision for charities through public expenditure. Tax credits will be paid to them until April 1999, and after April 1999 the Government will fund a five-year transitional period. So charities will have seven years in total in which to adjust to the change.

For some time, charities have been pressing for a review of their tax treatment. The Government will now consult widely on how the tax treatment of charities can be made more appropriate to help charities today. Charities, too, will gain, like others, from the longer-term benefit to their shareholdings that higher company investment and profits will bring.

In future, new jobs are more likely to come from a large number of small businesses than from a small number of large businesses. The route to success is not for the Government to try to pick winners, but to create an environment in which more firms have more chances, by their own efforts, to succeed. That is why I have decided to do more to assist investment in small businesses. I have decided to cut the small companies tax rate by 2 per cent., from 23 per cent. to 21 per cent, and to do so from April 1997.

In the past, investment incentives were introduced during recessions, when companies are least able to consider new investment. At this point in the economic cycle, an investment incentive should encourage companies considering future investments to bring those investments forward. I have, therefore, decided, with immediate effect, to double for one year the level of first-year capital allowances on plant and machinery for small and medium-sized firms. That will apply to both companies and unincorporated businesses. It means that if a firm invests within the next 12 months, it will be able to set off against tax not a quarter of its investment as hitherto, but a half.

More than 3½ million businesses will be eligible for that relief. It will be worth £230 million to small and medium-sized businesses next year, and £170 million the year after. It will be largely paid for by reinstating the one year carry-back time for corporate losses, which was temporarily extended to three years during the recession.

Taken together, the cut in corporation tax and the new investment incentive represent a significant boost for small business investment. Britain now moves forward with one of the most favourable tax regimes for small businesses of any country. This Government will support the small businesses of Britain.

Britain is increasingly leading the world in those industries that most obviously depend on the skills and talents of their workers, such as communications, design, architecture, fashion, music and film. Our national endowment fund for science, technology and the arts will offer talented young artists and scientists the finance to turn British ideas into successful business ventures. But despite our film industry's outstanding record of creative and critical success, too many British films that could be made in Britain are being made abroad, or not at all.

The talents of British film makers can and should, wherever possible, be employed to the benefit of the British economy. So, after today, production and acquisition costs on British films with budgets of £15 million or less will qualify for 100 per cent. write-off for tax purposes when the film is completed. That is a three-year measure at a cost of £30 million, and it should boost not only the number of British films, but the British economy by increasing our exports.

In the new economy, in which capital, inventions and even raw materials are mobile, Britain has only one truly national resource: the talent and potential of its people. Yet in Britain today, one in five of working-age households have no one earning a wage. In place of welfare, there should be work. So today, this Budget is taking the first steps to create the new welfare state for the 21st century.

The welfare state was and remains a great British achievement. It was set up to provide security for all, and opportunity for all, goals which are as relevant today as in 1945. But for millions out of work or suffering poverty in work, the welfare state today denies rather than provides opportunity. So it is time for the welfare state to put opportunity back into people's hands.

First, everyone in need of work should have the opportunity to work. Secondly, we must ensure that work pays. Thirdly, everyone who seeks to advance through employment and education must be given the means to advance. So we will create a new ladder of opportunity that will allow the many, by their own efforts, to benefit from opportunities once open only to a few.

Starting from next year, every young person aged 18 to 25 who is unemployed for more than six months will be offered a first step on the employment ladder. Tomorrow, my right hon. Friend the Secretary of State for Education and Employment will detail the four options, all involving training leading to qualifications—a job with an employer; work with a voluntary organisation; work on the environmental task force; and, for those without basic qualifications, the chance of full-time education or training.

With those new opportunities for young people come new responsibilities. There will be no fifth option—to stay at home on full benefit. So when they sign on for benefit, they will be signing up for work. Benefits will be cut if young people refuse to take up the opportunities. This new deal for the young is comprehensive, rich in opportunity, linked to the development of skills and has already attracted the support of some of Britain's leading companies.

I urge every business to play its part in this national crusade to equip this country for the future by taking on young unemployed men and women. I appeal to every voluntary organisation to make a further contribution to the work that they do in the community by taking on a young person. I will make it possible for every Member of the House to act as an ambassador for this venture,

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encouraging young people in their constituencies, consulting local businesses and bringing them together to play their part in this new deal for young people.

There are 350,000 adults who have been out of work for two years or longer. So the second component of our welfare-to-work programme will offer employers a £75-a-week subsidy to employ long-term unemployed men and women. Many of those unemployed who lack skills are debarred by the 16-hour rule from obtaining them. For this group—the unskilled—the 16-hour rule will now be relaxed, so that when the long-term unemployed sign on for benefit, they will now sign up for work or training.

That programme of £3.5 billion—which includes an unallocated reserve of £500 million—will provide money during a full Parliament. It will be the main item funded from the windfall tax on the excess profits of the privatised utilities, the details of which I shall give the House shortly.

But in this Budget I will address also the needs of two other important groups in our society—lone parents and those in receipt of incapacity and disability benefits who, as a matter of principle, should have the right to work. There are now 1 million lone parents bringing up 2 million children on benefit. Any welfare-to-work programme that seriously tackles poverty in our country must put new employment opportunities in the hands of lone parents. So today I am allocating a total of £200 million from the windfall fund for the most innovative programme that any Government have introduced for advice, training, and day and after-school child care to support lone parents.

Currently, lone parents receive little encouragement to seek work before their youngest child is 16. Under the programme that I am announcing today, when their youngest child is in the second term of full-time schooling, lone parents will be invited for job search interviews and offered help in finding work that suits their circumstances. On Friday, my right hon. Friend the Secretary of State for Social Security will explain to the House the full details of how that new radical programme will be introduced.

A generation of parents have waited for the Government to introduce a national child care strategy. From this Budget onwards, child care will no longer be seen as an afterthought or a fringe element of social policies. From now on, it will be seen, as it should be, as an integral part of our economic policy.

First, we shall increase the supply of child care in our country and make it more accessible. In addition, as part of the new deal for young people, we shall encourage voluntary organisations to take on and train young people and help them into careers as child care assistants.

We believe that over a five-year period, as many as 50,000 young people can be trained as child care assistants. We shall make child care more affordable as well. From next summer, every lone parent with more than one child, who qualifies for family credit, housing benefit or council tax benefit, will have the first £100 of weekly child care costs disregarded in calculating in-work benefits. Every lone parent on family credit with children 12 years old or younger will be able to receive help.

Lottery money will be available for after-school clubs, and as we replace the wasteful and chaotic system of nursery vouchers, we shall be able to offer reliable access to nursery places for every four-year-old in Britain. With those measures, which bring both child care and employment within the reach of many more parents, we have taken the first step towards a national child care strategy for the United Kingdom.

In 1997, no one in our society who wants to do some work should be excluded from the right to work because of disability or incapacity. So, as a final element of our welfare-to-work strategy, we shall bring forward proposals to help those who are disabled or on incapacity benefit, and who want training or work. To fund that programme and other measures, I have set aside £200 million from the windfall fund.

Taken together, those comprehensive and ambitious initiatives mean that from now on, no section of society—and no one—should suffer permanent exclusion. For too long, the United Kingdom has been united only in name. From today, ours is a country where everyone has a contribution to make.

The second principle of the new welfare state is to ensure that work always pays. In May, I established, under the chairmanship of Martin Taylor, a review to consider how we canstreamline and modernise the tax and benefit system to help employment opportunities and work incentives, and to assist in strengthening family life.

We will introduce a 10p rate of income tax as soon as it is prudent to do so. A 10p tax rate, combined with a cut in benefit tapers, will reduce in-work poverty—as, too, will the minimum wage, which the Government will introduce after advice from the new low pay commission. Set at a sensible level, the minimum wage will not only establish a floor under wages but ensure that in-work benefits act as a genuine top-up for low-paid workers rather than a subsidy for low-paying employers.

I have therefore also asked Martin Taylor to consider at an early stage the advantages of introducing a new in-work tax credit for low-paid workers. It would draw upon the successful experience of the American earned income tax credit, which helps reduce in-work poverty, and now helps 19 million lower-paid workers in America.

Conclusions that emerge from this tax benefit review will inform the judgments in my next Budget, which I have decided will be in the spring of 1998.

The third component of the new welfare state is the establishment of a skills ladder, so that every employee is encouraged to learn skills throughout his or her working life. It is our intention to introduce individual learning accounts, and to increase the staying-on rates at schools and colleges, we shall complete our review of educational finance and maintenance for 16 to 18-year-olds to ensure that resources are used to support those most in need.

Just as the Open university has, since the 1960s, offered thousands second chances in higher education through television in their homes, the new university for industry that we propose can, from the 1990s onwards, through satellite, cable and interactive technologies, bring lifelong learning direct to millions in their homes as well as workplaces.

I have therefore allocated from the welfare-to-work budget £5 million to start up the public-private partnership that will fund the university for industry. By those

measures, which will create work, make sure that work always pays, and provide recurring opportunities for lifelong learning, the new welfare state will help equip Britain for the modern world.

A country equipped for the future should also have a modern tax system based on principle. The tax system sends critical signals about the economic activities that a society wishes to promote and deter. Today, I shall start to put those principles into practice by demonstrating our commitment to the environment. As the statement of environmental principles set out by the Financial Secretary to the Treasury, my hon. Friend the Member for Bristol, South (Dawn Primarolo)—published today—shows, we are determined that our tax system and economic policies as a whole encourage the good and discourage the harmful.

The extraction of aggregates—including stone, sand and gravel—involves significant environmental costs and damage to the landscape, which may go beyond that recognised in the scope and level of the landfill tax. Too little is also being done to discourage water pollution. The environmental case for charges on polluters needs to be examined carefully. After a period of consultation, I will return with any proposals in those two areas in my next Budget.

Existing taxes, including our excise duties, must also advance the Government's environmental objectives. So to reduce pollution, lorries and buses that meet low emission standards will, from next year, attract a reduction of vehicle excise duty by a maximum of £500. Rises in vehicle excise duty, broadly in line with inflation, will take place from 17 November. In line with the environmental objectives that I have set out, road fuel duties will increase by an extra 1 per cent. every year over and above the annual 5 per cent. real rate of increase established by the previous Government. Petrol will go up by the equivalent of 4p a litre from 6 pm this evening.

I have also decided to raise the annual rate of increase in tobacco duties. From 1 December this year, these will be increased by an extra 2 per cent. a year—this year by another 5p—above the annual 3 per cent. real rate of increase established by the previous Government. In the normal course of events, the price of a packet of 20 cigarettes would have risen by just over 14p. Under my proposals, the price of a packet will rise on 1 December by 19p.

Alcohol and tobacco duties demand careful consideration this year, not least because of the impact of fraud, smuggling and cross-border shopping. I have therefore decided to review all alcohol and tobacco duties. While that review is under way, inflation-only rises for alcohol will take effect from January.

The tax burden avoided by the few falls on the many. In eight weeks of this Government, we have already identified a series of significant tax abuses. I am introducing measures with immediate effect to end tax abuses through avoidance of corporation tax, value added tax and pay-as-you-earn. Changes to insurance premium tax to block an abuse relating to long-term health insurance will take effect from 1 October. I also propose to modernise the rules governing transfer pricing and controlled foreign companies. The details of those changes will be available at the end of my speech. In total, those initial measures to tackle tax avoidance will bring in a cumulative total of £1.7 billion over four years.

A Government committed to the proper funding of public services will not tolerate the avoidance of taxation, and we will be relentless in our war against tax avoidance. I have instructed the Inland Revenue to carry out a wide-ranging review of areas of tax avoidance, with a view to further legislation in future Finance Bills. I have specifically asked the Revenue to consider a general anti-avoidance rule.

The principle of fairness in taxation will guide all my Budget decisions. I can announce today that at this, the first opportunity, the Government will honour their pledge to cut value-added tax on fuel and power. To help to pay for that, we will withdraw tax relief for private medical insurance for the over-60s. It costs £140 million a year, and it has failed to achieve its original purpose of substantially increasing the take-up of private medical insurance.

I would like to abolish VAT on fuel, but European rules prevent me from doing so. Therefore, VAT will be cut to the lowest level compatible with European law—5 per cent.—on 1 September, well in advance of winter fuel bills.

I now come to other taxes. In this Budget, I have no changes to make to income tax at either the basic or the top rate. I will not extend VAT to children's clothes, food, books, newspapers or public transport fares; nor will I, during this Parliament. This is a Government who keep their promises on tax.

To cut fuel bills further, I intend to make a further tax cut. The gas levy imposed by the previous Government has pushed prices for domestic consumers higher than they would otherwise be, so from next April we are reducing the gas levy to zero. Eighteen and a half million domestic customers will benefit from the change: their gas bills should fall by about 2 per cent. on average. As a result of those two changes—including the reduction in VAT on fuel, and other price cuts—I expect gas prices to fall in real terms by 5½ per cent. this year and 11 per cent. next year, which will mean a fall of £90 in next year's fuel bills compared with last year's.

Many of the least well-insulated houses in Britain are occupied by older people. No pensioners should be in a position in which, for reasons of finance, they cannot adequately insulate their homes. Today, with our new programme of training and jobs for young people, we are able to expand the national programme of home insulation. Contractors in the home energy efficiency scheme, and voluntary organisations, will be encouraged to take on young people to insulate the homes of pensioners. That will give jobs and skills to our young people; it will help and protect our elderly; it will improve our environment; and it will tackle fuel poverty.

Poorly insulated housing is but one of the most conspicuous failures of housing policies over the past 20 years. Even more serious is the inadequate provision of low-cost rented accommodation throughout our country. It has led to overcrowding, the costly and wasteful use of bed-and-breakfast accommodation and, in some cases, homelessness.

The Government have a commitment to decent housing at affordable rents because we believe that overcrowding and homelessness on the scale that we have seen are intolerable in a civilised society. Building and repairing homes will answer a pressing social need and offer opportunities for skilled and productive employment.

[Mr. Gordon Brown]

I can therefore announce the first step in a practical and measured programme to phase the release of capital receipts. Local authorities will have borrowing consents for an additional £900 million—£200 million this year, and £700 million next year—for building new houses and repairing their existing stock. The detailed proposals for England, together with measures specific to Scotland, Wales and Northern Ireland, will be announced by the relevant Secretaries of State in due course.

For most people, the acquisition of a house is the biggest single investment that they will make. Home owners rightly expect their investment to be protected by sensible policies pursued by Government. I am determined that as a country we never return to the instability, speculation and negative equity that characterised the housing market in the 1980s and 1990s.

Volatility is damaging both to the housing market and to the economy as a whole, so stability will be central to our policy to help home owners. We must be prepared to take the action necessary to secure it. I will not allow house prices to get out of control and put at risk the sustainability of the recovery. I have therefore decided that it is right to take two measures aimed at stability in the housing market.

First, I will raise stamp duty from 1 per cent. to 1½ per cent. on property sales above £250,000 and to 2 per cent. for property sales above £500,000. This will take immediate effect after the Budget resolution has been approved by the House.

Secondly, continuing the reforms begun by the previous Government, who removed mortgage tax relief at the higher rate of 40 per cent. in 1991, and cut it to 15 per cent. by 1995, I propose to reduce mortgage tax relief by a further 5 per cent., from 15 per cent. to 10 per cent., from April 1998.

The timing of my measure should help to avoid a return to the conditions of the 1980s, when the failure to take early action guaranteed worse problems later on. I believe that these measures will help to secure what we all want: a more balanced recovery.

Our reform of the welfare state—with the programme to move the unemployed from welfare to work—is funded by a new and one-off windfall tax on the excess profits of the privatised utilities. The tax will apply to companies privatised by flotation and subject to economic regulation under specified Acts of Parliament.

In determining the details of the tax, I believe that I have struck a fair balance between recognising the position of the utilities today and their undervaluation and under-regulation at the time of privatisation. The windfall tax will be related to the excessively high profits made under the initial regime. A company's tax bill will be based on the difference between the value that was placed on it at privatisation and a more realistic market valuation based on its after-tax profits for up to the first four full accounting years following privatisation.

In preparing the windfall tax, we looked more broadly at the position of the affected companies. As a result of my earlier announcement, justified on its own merits, to reduce the gas levy to zero, I am satisfied that no company faces an unduly heavy tax burden. The windfall tax will raise some £2.1 billion from the electricity sector, around £1.65 billion from the water sector, and some £1.45 billion from the remaining companies. After taking the reduction in the gas levy into account, which will cost the Government £400 million over the next three years, the net effect of the gas levy and the windfall tax together will raise £4.8 billion. After consulting the regulators, it is my judgment that the tax can be paid without any impact on prices, investment, or the quality of service to customers; or, in my view, on employment.

In recent weeks, many companies have asked to pay the tax in instalments. I have now agreed that that shall be the case. It will be a one-off tax payable in two instalments. The first instalment will be paid on 1 December 1997, the second a year later. Full details of how the windfall tax will apply and the companies that will pay it will be set out in an Inland Revenue press release, which will available at the conclusion of the statement.

Based on the fiscal tightening that I have announced today, I can give full details of our five-year deficit reduction plan. That plan is aimed at reducing the structural budget deficit. It is made possible by a long-term commitment on our part to financial discipline. It takes into account the uncertainties and risks involved in the economic cycle and forecasting it. It is underpinned by our comprehensive review of the way in which Government spend their money; and it matches rigour today with a long-term commitment to prudent and sustainable public finances.

In January this year, I announced that we would adhere for two years to the agreed control totals for public spending. That commitment is reaffirmed today and integral to the Budget statement. I announced that there would be no spending round this year; nor will there be.

Departments are working within already announced departmental spending totals to reorder spending from low-priority to high-priority areas. I am pleased to report that they are not only identifying waste and inefficiencies in existing spending, but are now redistributing those savings to the long-term priorities of this Government, not the previous one. So the figures that I can now give for my deficit reduction plan exclude windfall tax revenues.

Borrowing was projected in the previous Budget to be £19¼ billion this year, but it is now set to be £13¼ billion, and borrowing that was projected to be £12¼ billion next year is now set to be £5½ billion. So our deficit reduction plan ensures that borrowing, which was £22¾ billion last year, is now set to fall to £5½ billion next year.

Beyond those years, I am publishing a range of projections based on different assumptions for spending. In every case, for the next three years we meet the golden rule—we see debt falling as a proportion of national income and, because of our discipline and measures that we have taken, we go below the borrowing projections of the previous Government. For this year and for the foreseeable future, we are comfortably within the Maastricht criteria for levels of both debt and borrowing.

Tough and prudent management is our watchword in what will continue to be a thoroughly disciplined approach to the public finances.

The comprehensive spending review will determine overall priorities for the early decades of the next century. In the case of the national health service, the first stage of our cuts in bureaucracy is being implemented this year.

By next spring, the first conclusions from the strategic review of London hospitals will be implemented and we will act to improve the organisation of services, including merging national health service trusts. By dismantling the inefficient internal market, we shall no longer have to spend money promoting competition and servicing innumerable short-term contracts and the administration that goes with them, all at the expense of patient care. That will now change.

Because we have reinvigorated the private finance initiative, we shall shortly announce a new hospital building programme across the country. We shall also act to recoup in full the cost of treating road traffic accidents from insurance companies. That, like the action that we are taking against prescription fraud, shows our determination to ensure that NHS resources are focused on front-line patient care.

In normal circumstances, the £5 billion reserve for 1998–99 would be distributed during the annual autumn spending round, with the allocations announced at the time of the November Budget. There is no spending round this autumn, and there will be no Budget until next spring. I propose that the majority of the reserve be retained for contingencies that may arise in the coming year. But now that the long-term changes are under way, I want the NHS also to be able to plan for the year ahead. I want it to do so in the sure knowledge of a prudent and realistic allocation for 1998–99, which will ensure that services are maintained and patient care is secured.

The long-term plans that we have agreed mean that we are now sure that the money will go where it is needed—direct to patient care. So I have decided to allocate from the reserve to the NHS for 1998–99 a sum of £1.2 billion. This does more than meet our commitment to the people of this country for a real-terms increase in resources. Health spending will now rise by 5 per cent.—2¼ per cent. in real terms—the same as our projection for the trend growth rate of the economy as a whole. The public rightly want to see more money put into the NHS, but they want the money to go directly to patient care. So this money is being granted on the firm agreement that the administrative reforms that we propose for the health service will be fully implemented and that front-line patient care will benefit.

Education is our country's priority. It holds the key to our future. The Government must be satisfied that resources in education are going direct to learning in our classrooms. My right hon. Friend the Secretary of State for Education and Employment and, Ministers in Scotland, Northern Ireland and Wales, will bring forward proposals so that every school can meet standards for results and discipline. We will ensure that schools and local education authorities meet targets for raising standards in their areas. They must demonstrate that money is being spent on improving the quality of pupils' education. For next year, while we review the future arrangements for local authority finance, capping will remain in place, but I propose to allocate from the reserve for next year, and specifically for use in schools, an additional £1 billion for education. The details will be announced by the Secretaries of State for Education and Employment, for Scotland, for Wales and for Northern Ireland.

Traditionally, these announcements of revenue and allocations would complete a Budget, but I have one more announcement to make. The windfall tax will finance our measures for employment and training, but there is nothing more important to the training of young people than what happens in our schools. Indeed, many of the problems that our welfare-to-work programme must now address start in our schools. We cannot run a first-rate economy on the basis of second-rate education. Economic success tomorrow will depend on investing in our schools today. But at the present rate of progress, many of our children will be educated for the 21st century in classrooms built in the 19th. Today, 1 million pupils are being educated in classrooms built before the first world war.

If our schools are to educate for the needs of the 21st-century economy, they must themselves become schools that are fit to learn in and equipped for the 21st century. By encouraging schools to engage in public-private partnerships, any public investment that we make can lever in even more resources to renovate our schools.

I want schools not just to repair the roofs and the fabric, but to acquire the modern equipment and computers that they need. I have therefore decided to allocate cash from the remaining proceeds of the windfall tax for an immediate programme of capital investment to equip our schools with the infrastructure, technology and the bright modern classrooms that they need.

My hon. Friend the Paymaster General and Education and Employment Ministers will invite schools to submit plans showing how they propose to upgrade, modernise and become schools fit for the 21st century. The details will be announced in due course. I therefore propose to make available £1.3 billion over the course of this Parliament, representing a capital investment that averages almost £150 for every pupil in this country.

Taken together with the extra year-to-year expenditure that I have just announced, this Budget allocates £2.3 billion in new resources for our schools. With that increase in educational investment, we are taking the first step towards delivering our manifesto commitment to increase the proportion of national income spent on education. In education, as in every other area, we are honouring our pledges to the British people.

The measures that I have announced today for stability, for investment, for employment opportunity for all and for education will make Britain better equipped and more ready to face the future with confidence.

Previous Budgets pursued the short-term interests of the few. This Budget advances the long-term interests of the many. It is a Budget that equips Britain for the future—meeting the people's priorities. It is a people's Budget for Britain's future. I commend it to the House and to the country.

Provisional Collection of Taxes

Motion made, and Question,

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following Motion:—

Hydrocarbon oil (rates of duties and rebates) (Motion No. 7).—[*Mr. Gordon Brown.*]

put forthwith, pursuant to Standing Order No. 51 (Ways and Means motions), and agreed to.

Mr. Deputy Speaker: I now call on the Chancellor of the Exchequer to move the motion entitled "The windfall tax". It is on that motion that the unified Budget debate will take place today and on succeeding days. The remaining motions will not be put until the end of the Budget debate next week, and they will then be decided without debate.

Budget Resolutions and Economic Situation

WINDFALL TAX

Motion made, and Question proposed,

That provision may be made for imposing a tax on the amount of the windfall from which a company was benefitting on 2nd July 1997 in any case where—

(a) an undertaking whose privatisation involved the imposition of economic regulation has been privatised by means of a flotation; and

(b) the profits of the undertaking in the period after the flotation show that the company was benefitting on that date from a windfall from that flotation.—[*Mr. Gordon Brown.*]

4.49 pm

Mr. William Hague (Richmond, Yorks): On a personal level, I congratulate the Chancellor on his fortitude in delivering his speech and doing so within the space of one hour with only the assistance of water. I could congratulate him more enthusiastically if all of the contents of the Budget had been delivered to Parliament first, as we discussed earlier today.

We were told by the Prime Minister and the Leader of the House that what was printed in today's *Financial Times* had all been speculation. Was it not remarkable that the Chancellor opened his speech by saying that he had a five-year deficit reduction plan and the headline in the *Financial Times* today was:

"Budget 'to cut deficit over 5 years'"?

It is extraordinary that there was such speculation and that it turned out to be so well founded. It is extraordinary, too, that the speculation referred to the abolition of the dividend tax credit and that is exactly what the Chancellor announced in the course of his Budget speech. They must be remarkable journalists at the *Financial Times*, who not only dreamt that a senior member of the Government had told them something, but dreamt exactly accurately what that senior member of the Government might have told them.

It is extraordinary in the view of the Opposition that Government sources revealed those measures in advance. It is to be hoped that the Government will now come to realise that Budget leaks can affect the movements of billions of pounds and the savings of millions of people. They should have a thorough investigation and they should report the results of that investigation to the House.

The Chancellor also opened his speech by saying that he would be bound by strict rules, which he would adopt for the rest of this Parliament. We could be forgiven for noting that all Labour Governments have started with strict rules with which they were going to bind themselves throughout the Parliament and all have ended up abandoning them.

There are some things in the Budget that we will certainly welcome: the cut in taxation for small companies is most certainly one of them. There are some things the details of which we will have to consider as our debates on these matters become clear. But one thing about the Budget is very clear. When the Prime Minister said before the election:

"We've no plans to increase tax at all",

he did not mean a word of it.

This is a tax-raising Budget. When the Chancellor says that he is tightening fiscal policy by £5¾ billion, he means that he is introducing a tax-raising Budget; and the changes to advance corporation tax and the changes to MIRAS amount to tax rises that, before the general election, the Labour party denied it would introduce. Not only did the Prime Minister say, on 21 September last year:

"We've no plans to increase tax at all",

but, on 2 August, he said:

"Our proposals do not involve raising taxes . . . If we have any such proposals we will make them clear before the next election".

Why were these proposals not made clear before the general election? On 8 January this year, he said that

"the programme of the Labour party does not imply any tax increases at all".

If that was true, why have these tax increases been announced today?

We can be relaxed about some things. Measures such as 2 per cent. on stamp duty for houses worth over half a million pounds will be of concern only to a small number of rich people such as the Prime Minister. Many people can relax about that, but other people will have to pay for the Labour party having broken its election promises in the Budget. The changes to MIRAS will add to insecurity, destroy confidence in the housing market and make people much more wary of buying and selling homes. Those are not my words—they are the words of the Prime Minister a year ago. He said that restrictions to MIRAS would

"add to insecurity, destroy confidence in the housing market and make people much more wary of buying and selling homes".

Can he honestly say that he gave the country an accurate idea of what he would do on this subject, if and when he came to power? Labour Members have never been in sympathy with home ownership, and they are clearly not going to start being in sympathy with it today.

In this Budget, the Government have broken a central election promise, trying to comfort their supporters by saying that there will be a £1.2 billion increase in health service spending. But last year there was a £1.6 billion increase in health service spending.

As we look at this and future Budgets produced by the Labour Administration, we must always remember that rarely, if ever, have a Government had such cause to be grateful to their predecessors when it comes to the economy. The previous Government, and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) as Chancellor, left the economy thriving. The Government should note that the man who said that was Lord Healey on "The World at One" this afternoon. Every serious commentator agrees: we have bequeathed to this Government the strongest set of economic circumstances in the lifetime of my generation. We have left them the longest period of sustained low inflation for 50 years, the lowest mortgage rates for 30 years, the lowest taxes of any major European country—although Labour has now begun to increase them—the lowest unemployment of any major European country, the best record on job creation and the highest sustained growth shown by any major European economy.

Those were not accidents of the economic cycle; they were a direct result of the policies pursued by Conservative Governments—policies obstructed, denigrated and opposed by Labour.

The World Economic Forum has described Britain as the envy of continental Europe,

"with an economy reborn out of sweeping privatisation, deregulation and other structural reforms that is now well poised to compete in the global economy."

That is the truth about the British economy today, and we shall hold the Government to account for their stewardship of that unrivalled inheritance.

Central to this Budget, as the Chancellor has made clear, is the so-called windfall tax. In last year's Budget debate, the current Chancellor declared:

"The windfall tax is not a tax on ordinary families."—[*Official Report*, 27 November 1996; Vol. 286, c. 366.]

That would be true if ordinary families did not pay bills for gas, electricity, water or the telephone; if ordinary families did not own shares; or if ordinary families did not invest in pension schemes. If all those things were true, I suppose the right hon. Gentleman would be right.

The Chancellor has said that the windfall tax will have no impact at all on prices, investment or anything else that he could care to mention. He is looking for a free lunch from the windfall tax, and he will find that it is not available. He should make it clear in this debate that pensioners will be compensated for any increase in their fuel bills. He should make clear whether low-income families will receive an increase in income support to cover their extra costs.

I know that the Chancellor would like to think that the windfall tax will be paid by businesses, not by individuals, but he is a well-read man. He must have read the standard work on tax, "The British Tax System", which declares:

"There is no such thing as a tax on firms. The effective incidence of all taxes is ultimately on individuals."

Surely the Chancellor agrees with that. The author, after all, is Professor John Kay, business guru to the Prime Minister himself.

The Chancellor would like to think that the windfall tax will be paid by the so-called fat cats, by stripe-shirted speculators in the City. But it will not be. Such people sold up and took their money long ago. It is the current shareholders who will foot the bill. Far from taxing excess profits, the Government are taxing the people unlucky enough to be holding the parcel when the music stops. The Chancellor says that he wants to put fairness back into the tax system, but what is fair about taxing people on a windfall that someone else made in the past?

Billions of utility shares are held by ordinary men and women through pension funds and insurance policies. Anyone with a pension, anyone with an insurance policy, anyone who is working hard to build up a nest egg for the future, will be hit by the windfall tax. It is a savings tax by another name.

The Chancellor has claimed that that change has already been discounted by the City. Up to a point it has, but that means that the prospect of billions of pounds of extra tax has already done lasting damage to the shares in which millions of people have invested for the future.

The Chancellor has made much of the electoral mandate that the Government claim for the windfall tax, but few people can have forgotten the outrage of Labour

[Mr. William Hague]

spokesmen and spin doctors during the general election campaign when we exposed the £1½ billion privatisation black hole in the Labour party's finances, which the right hon. Gentleman now seeks to fill with these taxes.

"There's no black hole for the Labour party",

said the Chancellor, during the general election campaign: Labour had changed; they would embark on a programme of privatisation. "We'll privatise everything", the *Sunday Telegraph* was told.

Where were those measures in today's Budget? Sure enough, as we predicted, some of the tax increases in the Budget have had to be brought out to fill the £1½ billion black hole which, indeed, was there in Labour's plans. The Chancellor may have filled the black hole in his finances, but he has blown a new black hole in the credibility of the Labour party.

The Chancellor's next tax increase was the change to dividend tax credits—advance corporation tax—on the ground that, if you do something that people do not understand very well, they will not notice it and you will get away with it. But for many people, their pension is the single biggest saving that they will ever build up, and every word that we heard today about advance corporation tax was another hammer blow against pensions and savings—another savings tax from the Government.

Pensions are one of our great success stories. The United Kingdom has built up more than £650 billion in pension funds—more than those of all the other European Union countries put together. We understand why the Chancellor has gone for ACT. It is one of the most complicated taxes known to man. It is a tax strategy which halves the blame for him, but doubles the pain for everyone else.

The change means that pension funds will be able to claim less tax back, so their revenue will be lower, their growth will be lower, pensions will be smaller and pensioners will be worse off. Taken together with the damage resulting from the windfall tax, the Budget delivers a double whammy against pensions. The bills for the decisions announced today will be paid by millions of hard-working people, many years down the line. It is a smash and grab raid on pension funds in this country, and it is a cynical betrayal of the millions who have built up pensions and now see them devalued.

I welcome the Chancellor's assurance about how charities will be affected by the changes to ACT, but how will those changes interact with the new minimum funding requirements for pension funds? What impact will they have on investment? He says that they will help investment, but if businesses are obliged to dip into their funds to top up company pension schemes, they may end up cutting the very investment that the Government want to encourage.

The Chancellor will regret the measure that he has announced on ACT—his attempt to hide his tax increases today. He is using some of the money produced by it to reduce VAT on fuel, but can he confirm during this debate that his timing of that measure means that the reduction in VAT will feed through into smaller increases in the state pension, so that he can claw back from pensioners some of what he has given away?

In the Chancellor's eagerness to announce new taxes, he has confirmed—although, of course, it was confirmed for him by his press office this morning—that tax relief on private health insurance for the over-60s is to be abolished. After the windfall tax and advance corporation tax, that is a savings tax in yet another form, which will affect 600,000 pensioners.

That is an utterly vindictive way in which to raise extra money for the Treasury. Moreover, it is likely to prove counter productive, because industry estimates suggest that up to 200,000 people could cancel their policies. How will that help a Government trying to meet their commitment to get 100,000 people off the waiting lists?

The Chancellor also announced his welfare-to-work scheme. We agree with the scheme's objective. Indeed, it is hard to think of a more worthy objective and we shall want to look carefully at the details of some of the proposals. I remind the Chancellor that the last Government had a welfare-to-work programme and it worked: unemployment among the under-25s has fallen by 100,000 a year every year for the past four year—400,000 in the past four years. We did that without a windfall tax, a tax on prices or a tax on pension funds.

Unemployment in Britain today is among the lowest in the major European economies. That is what a policy of flexible markets and welfare reform has already yielded. We now have a policy of subsidy and, whatever its social benefits, the Chancellor is likely to find that job subsidy schemes often cost more than they save. The reasons are obvious: first, money is spent on people who would get jobs anyway; secondly, money is spent creating jobs that are not created at all but where employers simply destroy the jobs of people who are not eligible for the subsidy; and, thirdly, money is spent creating jobs that turn out to be only temporary. Business men have admitted that they could easily use the scheme to take on the unemployed, employ them for as long as the subsidy lasts and then replace them with another round of subsidised employees.

The Chancellor is, therefore, likely to find a great deal of disappointment in the scheme that he has put before the House today. If the Labour party believes that reducing the cost of employing people by a £75 a week subsidy will increase the number of jobs, it must accept that increasing the cost of employing people with a minimum wage and a social chapter will destroy jobs.

Labour's welfare-to-work policy directly contradicts its industrial policy. The Department for Education and Employment will be busy trying to create jobs while the rest of the Government will be busy destroying them. Worse still, their make-work schemes will be temporary and limited to a certain number of jobs, while the minimum wage will be permanent and could affect millions of jobs. As the Deputy Prime Minister once admitted, any silly fool knew that a minimum wage would affect the number of jobs available. From the way in which the Government have gone about their business over the past two months, clearly not every fool knows that it will affect the number of jobs available.

What is on offer from the Government is temporary job creation but permanent job destruction—not welfare to work but work to welfare. They say that they want to put more people back to work, but they are now departing from the policies that have already put more people back to work in Britain than in the rest of Europe.

We welcome some aspects of the Budget. I mentioned the change to the tax rate for small companies. We also welcome the Chancellor's continued use of tax for environmental purposes, although we want to scrutinise the small print carefully. We would prefer to use environmental taxes to provide the right incentives, but to reduce the tax burden elsewhere, as we did recently with the landfill tax, the revenue from which was used to reduce the national insurance rate for employers.

The Chancellor is using environmental taxes as another vehicle by which to raise the tax burden overall, without producing compensating reductions elsewhere. He calls it a "green Budget", but it is actually still a red Budget which increases taxes on the people of this country.

The Chancellor has produced a Budget, some aspects of which we welcome, but most aspects of which we shall need to question or oppose. It is a tax-raising Budget which breaks the central promises on which the Labour party fought the last election. It flies in the face of the Prime Minister's assertion that no tax increases would be needed. Boxed in by the Prime Minister's commitment, the Chancellor has had to grub around for tax increases which he hopes nobody will understand or notice. The windfall tax is a gimmick for the short term, whereas we needed measures to serve our recovery for the long term.

The Budget is full of missed opportunities. What has it done for families who want to save or invest? What has it done for families who want to work hard and keep most of their earnings? What has it done to simplify the tax system, to help pension funds or to ensure that the strongest recovery in decades is long lasting?

The Chancellor should be warned that the real judgments on the Budget will be passed over the years to come. In future years we will want to know, and the country will want to know, what the Government have done with the best economic inheritance in decades. They had better be ready to be held to account for that.

Mr. Ian Bruce (South Dorset): On a point of order, Mr. Deputy Speaker. May I put it on the record that, earlier today, I contacted my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), the shadow Chancellor of the Exchequer, and told him how much the windfall tax would be. I seek your guidance, Mr. Deputy Speaker, about how I should proceed, knowing that that information was leaked to someone who was an adviser to the electricity industry. It was available to that person before the Budget statement. Clearly, that could give rise to criminal charges. Should I write to Madam Speaker, put the matter in the hands of the police or speak to the Standards and Privileges Committee?

Mr. Deputy Speaker: Order. That is not a point of order on which the Chair can rule. The hon. Gentleman has been here long enough to know the various avenues open to him to pursue his complaint.

5.10 pm

Mr. Paddy Ashdown (Yeovil): The right hon. Member for Richmond, Yorks (Mr. Hague), who leads the Conservative party, is new to his job and has just made what is regarded as the most difficult speech in any political year. However, his speech will not be considered memorable except in one respect: the sheer brass neck of a representative of the Conservative party criticising someone else for raising taxes. That will remain in my mind for a long time.

I congratulate the Chancellor of the Exchequer on his first Budget statement, which was long and detailed. It contained much with which we agree. The most welcome aspect is his abandonment of the departmental spending limits and ceilings for expenditure, over next year if not this year. We have argued for that for some time. It is worth mentioning that it is easy to spend contingency reserves in that way, which may not be wise in the long term, but we welcome the outcome, although it is offset by some of the Chancellor's decisions about rises in inflation and the consequences of that for the cash-limited budgets of those Departments.

There are two immediate aims that the Budget must achieve. It must dampen down overheating in the economy and reduce upward pressure on sterling. There are also several longer-term aims: to establish a framework for Britain's economic success, based on sustainable inflation; to invest in education as the key to that success; to incorporate environmental costs into our economy and the pattern of our lives; to begin to attack social and economic exclusion; and to reverse the neglect of key public services, especially health and education, under the Conservatives. Above all, after years of broken promises, this should have been a Budget that began to rebuild people's trust in politics and taxation.

I believe that, in framing the Budget, the Chancellor probably set out to achieve very similar aims to those that I have just outlined. The question that we must ask is to what extent he has succeeded.

I shall deal first with trust. When, in last November's Budget, the Conservatives cut income tax by 1p and Labour was not prepared to oppose them, I said:

"Both . . . know that it does not matter which of them is in government, the tax cuts that they both agreed today for the sake of the election will have to be put back some time after the election."

I went on to warn that if that happens,

"the British electorate will feel that they have been lied to . . . trust . . . in politicians will diminish, and again everyone in the House will wonder why the people of this country do not believe a blind thing that we say."—[*Official Report*, 26 November 1996; Vol. 286, c. 183.]

It gives me no pleasure to say that in the intervening months, that is exactly what has happened. We all knew then and throughout the election campaign that whoever was in power, this Budget would have to contain measures for fiscal tightening and for taking steam out of an economy that had become dangerously overheated.

Only the Liberal Democrats were prepared to admit that, then and during the election, and to argue for an economic approach that took money out of the economy and used it for specific, targeted improvements in education and health. The Labour and Conservative parties tried to pretend that we could have both tax cuts and better public services. Today's Budget proves them comprehensively wrong.

The Budget will mean higher taxes and almost certainly, in the next year at least, worsening public services. The Labour party told us before the election that it wanted to build

"a new trust on tax with the British people."

I agree with that, but it cannot be done by saying one thing before and during an election, and doing exactly the opposite afterwards, even if that is necessary.

[Mr. Paddy Ashdown]

One cannot rebuild trust by ruling out income tax increases for press headlines, while keeping up one's sleeve hidden taxes that will hit the ordinary taxpayer just as much. One cannot rebuild trust by saying, "Enough is enough" to 22 Tory tax rises, and then adding to them in one's first Budget. We must all learn that unless we, as politicians, can get out of the ridiculous corner into which we have painted ourselves with regard to tax, we will never recreate trust in the political process.

On the broader issue of economic management and the current state of the economy, we understand the importance of ending the pattern of boom and bust that has so often occurred in Britain. We therefore welcome the Government decision to do what was in our manifesto but not in theirs, and to give the Bank of England greater control over interest rate policy. We are less keen on the Chancellor's decision to weaken the inflation target, which was in Labour's manifesto. Similarly, I welcome the more rule-based approach that the Chancellor outlined today. We have long called for that. That thinking must be followed through in the Budget.

We warned after the Budget last November that if we did not act to cool the economy then, we would have to do much more to achieve that now. Nothing would be more damaging to our economic recovery than to let the present consumer boom increase inflation, raise interest rates and boost sterling still further. To do that would undermine industry and investment and end, once again, in a return to recession and unemployment.

At first sight, the Chancellor seems to have ignored that danger, at least in part, and to have decided instead that his first priority is to reduce public borrowing. He has chosen to do so mainly through higher taxes on business. However, as public borrowing is falling quickly in any case, that is the wrong target. Instead of shackling businesses, he should have restrained the consumer, in order to prevent the higher interest rates, higher inflation and less competitive sterling that will surely follow. He had not done nearly enough to restrain consumer spending.

Mr. John Wilkinson (Ruislip–Northwood): For all the faults in the Budget—and there are many—it has not increased the taxation on businesses. Clearly, the right hon. Gentleman wrote his speech before he had heard the Budget statement. Reductions in corporation tax for larger companies and smaller one are very welcome, and the doubling of tax relief on capital allowances is noteworthy. It would help the House if members of the Liberal party listened before they spoke.

Mr. Ashdown: The hon. Gentleman has forgotten such things as advance corporation tax and the windfall tax. He knows that those will have a substantial impact on business. That is the very case that his party has been making for months.

I understand why the Chancellor has not leant more heavily on the consumer and the ordinary citizen: it is because of his manifesto pledges. In that case, the country will again, I fear, pay a high price for foolish promises made in the heat of an election, which have painted the Government into a corner that they should not be in.

We warmly welcome some aspects of the Budget, such as the intention to depart from departmental spending limits. However, if one examines the increase in inflation and the deflator to 2.75 per cent. against the cash-limited ceilings that are established, one finds that what sounds like a generous settlement for next year is in fact rather less generous. For instance, we believe that some £300 million of the £1 billion that the Chancellor announced to improve education may be lost through the effects of that increase in inflation. Similarly, we welcome the £100 disregard on child care costs and the home insulation plans that the Chancellor has announced.

We have long advocated a shift towards green taxes and we welcome Labour's conversion, however late, to that cause. We have always proposed using new environmental taxes to reduce other taxes—such as those on jobs—rather than using them to fill black holes in Government spending. It was extraordinary to hear the Leader of the Opposition complain about that when the Conservative Government used VAT rises on fuel—which they described as green taxes—to fill up the Government's coffers.

As the Chancellor knows, we have long advocated the phasing out of mortgage interest tax relief, although we have always proposed using the revenue to replace MIRAS with a fairer and more efficient system of housing finance. Unlike the Government, for seven years we have consistently advocated the phasing out of mortgage interest tax relief, although our policy was often attacked by Labour and Conservative Members. The Government, however, attacked the Tories last year and then did the same in this year's Budget.

We also support measures to help people off benefit and back to work. We set out a comprehensive range of welfare-to-work proposals in our manifesto and again in the alternative Budget that we published yesterday. However, we remain to be convinced by some of the details of the Government's plans. In particular, in concentrating on a relatively small group—those aged between 18 and 24—the Government risk letting down much larger groups of people who are also trapped in welfare dependency. They include single parents and the long-term unemployed of all ages—men and women made redundant in their 40s and 50s who see little chance of getting back into work. It is vital that in black spots where unemployment is concentrated, more is done not just to give the long-term unemployed a temporary training place, but to give businesses long-term support and incentives to create new jobs.

While we understand and support what the Government are trying to achieve in at long last tackling unemployment and exclusion, we disagree profoundly with their means of funding it—the windfall tax. I regret that the Government cannot raise money by fair, adequate and efficient taxation using the existing system—through income tax. Why do they need to hunt around for other means of raising revenue? The windfall tax is retrospective in its application, arbitrary in its effect and, in the end, I fear that it will be unfair as well.

We do not support the excess profits earned by some of the utility industries, but, if that is wrong, it should be dealt with through regulation not expropriation. If there are excess profits, they should be returned to consumers in lower prices, better services and greater investment.

It is not the Government's money; it is the customers' money, and the Government have no right to help themselves retrospectively to other people's money even for the very best of purposes.

The Government claim that the windfall tax is a tax on fat cats, but it will be nothing of the sort. It was the most bizarre moment in the Chancellor's otherwise well-constructed and well-delivered speech when he said that the money could be raised without anyone feeling the effect. He claimed to be able to find £4.8 billion in tax without anyone having to pay for it in the long term and that it could be plucked out of thin air. It is impossible to find billions of pounds in tax without millions of ordinary people having to pay the price. Where else will the money come from? It is not the fat cats but the 19 million ordinary people with money in pension funds and the millions of others with savings and endowment policies who will be hit as hard as anyone else.

The Prime Minister claimed in the House on 21 May that

"the windfall tax will not harm pensioners at all."—[*Official Report*, 21 May 1997; Vol. 294 , c. 703.]

That is not true. A windfall tax that raises around £5 billion will cost the average person in a pension fund £79 or £80 a year.

I cannot put it better than the Institute for Fiscal Studies, which stated:

"Penalising an arbitrary group of shareholders who own utility shares in the mid-90s on account of windfall gains enjoyed by their predecessors in the 1980s is difficult to reconcile with any principles of equity in taxation".

The windfall tax is one reason to oppose the Budget, but perhaps the biggest one is its failure to tackle this year's crisis in education and health.

I am delighted that the Chancellor has found an extra £1.2 billion for the national health service next year. I welcome the fact that pragmatism has replaced dogmatism and the release of the ceilings on next year's expenditure, but what will happen this year? Over the past 18 years, the average rate of growth in health spending has been 3.1 per cent. a year. This year's average planned rate of growth is 0.15 per cent. a year. That represents one twentieth of the average annual increase during the Thatcher years, when the health service was brought to its knees, and an even smaller proportion of the average Tory increase over the past few years, which has brought the NHS to its current crisis.

Is it the Chancellor's case that by giving the NHS an extra £1.2 billion next year, it will be able to borrow more to help it through this year? If so, next year's NHS budget will be further depleted. It is simply unsustainable, not next year but now. Incidentally, the Chancellor's decision to cancel tax relief on medical insurance will undoubtedly place a greater burden on the NHS.

We must address the crisis this winter when Labour Members will have considerable arguments with their constituents. Waiting lists are rising now, the number of cancelled operations is increasing and NHS trusts are sliding further into debt at a rate of £1 million a day. The crisis in our wards this winter will almost certainly be worse than in any year under the Conservatives. What will that do to the trust of millions of people who voted Labour at the general election in the belief that they had, in Labour's own words,

"fourteen days to save the NHS"?

The same is true in education. I welcome the extra £1.1 billion for next year. During the election campaign, the Prime Minister said:

"Labour will never put dogma before children's education".

Yet that is precisely what is happening as this year the Government stick doggedly and dogmatically to the Conservative's education spending ceilings. That will mean fewer books, less equipment, more teachers sacked and larger classes in the year ahead.

Under a Labour Government, my county of Somerset will have to sack 90 teachers this year. Labour councils are having to do the same, if not more. The Budget will bring no succour to the parents, teachers, governors or pupils who looked to the new Government to make a difference after years of cuts and neglect. They will be bitterly disappointed.

The Government are right to say that education is the key to Britain's long-term economic success, but a Budget that claims to be for the long term fails if the Government fail to understand the need for immediate investment in education if they are to preserve an education service for extra investment in future. That failure, more than anything else, makes it necessary for us, however reluctantly, to vote against the Budget.

We have made it clear that we are determined to be a constructive Opposition. That was why, in an unprecedented move, we supported the Queen's Speech a few weeks ago. We shall continue to give the Government our backing when we agree with them. That will also apply to the measures in the Budget that we support. However, the mandate that we carry into the House from the last election was not just to offer a more constructive style of politics, but to fight to protect and improve our schools and hospitals. We were told that the Budget would follow through the Government's manifesto pledges of lower taxes and better public services, but it is a Budget of higher taxes and, at least in the next year, worse public services.

We are told that the windfall tax is a tax on fat cats, but I fear that it will hit ordinary people with pensions and savings. In some respects, the Budget can be applauded, but in the way that it fails our children's education and the health service on which our families rely, it does not meet the immediate and urgent needs of our country. Most people will be saddened by that and we are, too.

5.29 pm

Mr. Stuart Bell (Middlesbrough): I am grateful for the opportunity to follow the right hon. Member for Yeovil (Mr. Ashdown), the leader of the Liberal Democrats. It is rather sad that he should take the view that, overall, he cannot accept the Budget and will not vote for it, although he was careful to say that there were certain elements in it for which he would vote. He said that the pension funds would pass on the cost of the windfall tax, to the tune of £79 or £80 per individual. He should note the statement by my right hon. Friend the Chancellor that the pension funds are in surplus and that there have been pension holidays. Indeed, he should congratulate my right hon. Friend on his statement that charities will have a different role.

Mr. Ashdown *indicated assent.*

Mr. Bell: I am delighted to note that the right hon. Gentleman has taken that point on board.

The right hon. Gentleman appears to resent the fact that the Government are committing themselves to fulfilling manifesto pledges. We made those pledges when we were

[Mr. Bell]

fighting the election and we are now carrying out those pledges. The Budget will equip our country for the future. It delivers on our election promises and our priorities of education and health. I should have thought that the right hon. Gentleman would be pleased—possibly delighted—that we are allocating additional spending of £2.3 billion on schools and £1.2 billion on health, while ensuring that the Government reduce their borrowings.

The Budget shows that we are on message. We were on message throughout the election campaign and we are on message in fulfilling the commitments that we made during the campaign. We are translating those commitments into action. My right hon. Friend the Chancellor should be given credit for staying on message and for putting forward a positive plan that will reduce our deficits over a five-year period.

It must be heartening for the markets in seeking stability—in the emphasis that my right hon. Friend has placed on the global marketplace and the global village in which we now all live, and the emphasis on being competitive within that global marketplace—to know that there is a deficit reduction plan that will cut our borrowing to £5.4 billion next year, so that the Government borrow only to invest and not to fund consumption. I should have thought that the whole House could agree on those principles, not just the Leader of the Opposition or the leader of the Liberal Democrats.

It is difficult—we are all in this boat—to make a Budget speech when we have not seen the Budget. Therefore, I commiserate with both the Leader of the Opposition and the leader of the Liberal Democrats. However, we must look at not only the immediate impact of the Budget as we see it in the House, but the impact on the Bank of England and the financial markets.

One of my predecessors many years ago, Bob Woof—who is still with us, but no longer the Member of Parliament for Blaydon—used to make his Budget speech based on the previous year's Budget. That was helpful on the first day of the Budget. However, he might have had some difficulty with my right hon. Friend's Budget speech today as it was so refreshing and so very different from the Budget speeches of previous years.

Another famous Budget saying came from Iain Macleod. He said that the Budget depended not on the reaction on Budget day, but on how it looked in six months' time. In this soundbite age, however, what matters is how the Bank of England and the financial markets react now. The financial markets have been betting that, following the Budget, interest rates would go up and, consequently, that the value of the pound would go up. I believe that, with his swingeing taxes on cigarettes and petrol, my right hon. Friend has sufficiently attacked consumer spending and taken enough money out of the economy to make the Bank of England carefully consider whether it should raise interest rates.

The financial markets might wish to take into account the fact that if interest rates do not go up, the value of the pound should not go up either. One of the difficulties at this time is that the pound has risen by about 27 per cent. against the deutschmark, by 26 per cent. against the French franc, and by 30 per cent. against the peseta. My right hon. Friend said that it had appreciated by 18 per cent. overall. That has had, and will continue to have, some impact on our exporters, on our industry and, therefore, on those who are employed by industry. That is likely to be a difficulty which we shall face if the value of the pound continues to rise.

My right hon. Friend said, rightly, that we are within the convergence criteria of the Maastricht treaty. In fact, we shall be one of the few nation states that can meet that criteria. Therefore, the question of a single currency follows on from the Budget today. Do we enter the single currency in the first wave? If we do, when do we lift the opt-out clause? Will it be lifted in the autumn? Certainly, it will have to be lifted by the end of the year. If we do not join the single currency in the first wave, what will the exchange rate be against the new euro? Will we have a floating exchange rate? How will that impact on our exporters, our manufacturers and our industry? Those are the major questions being asked by our exporters. However, a currency that appreciates, as ours has, does bring certain benefits to the economy—for example, it plays a role in reducing inflation.

I notice that the shadow Chancellor, in a pre-Budget statement, said that interest rates rather than taxes should rise. It is an odd view to take of the economy. This Budget should keep interest rates down. There should not be a substantial rise in interest rates when the Bank of England next meets. Similarly, the Budget should not result in a higher value being placed on the pound.

As my right hon. Friend the Chancellor said, this is a people's Budget. He has placed emphasis on education, health and getting people into work. He has shifted the emphasis from that in previous Budgets. This is the 14th Budget statement to which I have listened and it is certainly the most refreshing. I like this Budget and I am sure that the people will also like it.

I want to make one final point on the Budget and place it in the context of George Orwell's "Animal Farm". In that book, the pigs took over the farm, the pigs took over the farmhouse and the pigs ended up in the beds. There must have been a great temptation for the new Ministers to take the red boxes, to take the chauffeur-driven cars—although not limousines—to take the ministerial chairs and to continue where the last Government left off. It was encouraging when my right hon. Friend the Chancellor did not don a white tie and tails to go to Mansion House. He has not used Gladstone's old tattered box for his Budget. He came to the House with a new box and a new Budget speech that will be welcomed by the people, as it will be welcomed by the House. It is a Budget which gives us a fresh start and fresh hope.

5.38 pm

Sir Michael Spicer (West Worcestershire): In straight economic terms, there is no point in the Budget. By common agreement—the Chancellor made that point several times—the British economy is in extraordinarily good shape. We have a high rate of growth, both historically and compared with other countries—3.5 per cent. and projected to go forward at that rate—and a very low inflation rate, again historically and compared with other countries. Presumably, therefore, there is only one point to the Budget—to stamp socialism back on to our economy and into our society—*[Interruption.]*

I think that I heard the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) say, "If only that were true" or words to that effect. I assure the

hon. Lady that, despite new Labour rhetoric, this is a socialist Budget: it could not have been introduced by a Conservative Government for at least two reasons. First, it is a high tax Budget. I counted six—other hon. Members may have counted more—new tax rises, which is almost a third of the way towards the 22 rises that we were meant to have introduced during our last period of office. The Labour party is on track to catch up and no doubt overtake us on the rate of tax increases.

Secondly and more particularly, it is a profligate Budget in terms of public spending. As far as I can tell, it spends the entirety of the reserves. We have a £4.5 billion reserve commitment. Far from the Budget filling any black holes or being in the tight grip of an iron Chancellor, it is the reverse. It is a classic, political somersault trick: the rhetoric has been about tight money and improving the Budget deficit, but the Government have spent the entirety of the reserves and have made specific commitments.

The Budget received great cheers from Labour Members: if I were a socialist, I would cheer a profligate Budget. The only way in which the Government try to match that profligacy is through the windfall tax. I assume that it is a one-off tax, but perhaps we should try to obtain further assurances on that. It is a massive increase in taxation: it is a one-off £4.8 billion tax on the basis of which public spending plans and trends have been developed. Anyone who has had anything to do with government knows that it is the ultimate in profligacy and irresponsibility to put public spending trends in place, as they have been in the Budget, and to back them with a one-off tax. I am sure that that is what the Budget will turn out to be.

As has been said, the British economy is in extremely good shape at the moment. The Government have inherited an economy that is moving in a strong direction and is the envy of every country in Europe. Every country in Europe thinks that we were mad to change our Government.

Mr. Desmond Swayne (New Forest, West): We were mad.

Sir Michael Spicer: Of course we were, but we did so and, as a result, we have a socialist Government who have marked out their intention to change course. The tragedy is that, as with all socialist Governments, that course will now be downhill. The Conservative Government built up a strong economy, but it is as clear as night follows day that it will now start to deteriorate. That will not happen immediately, because it is currently moving at a fast pace, and it is difficult to turn around a great economy, but it will happen in the classic way.

The Government have introduced socialist policies—they will be defined as such very quickly by commentators and by those who invest in this country and whose confidence we need to gain. As with every socialist Government we have had—the good news is that they do not last very long, but the bad news is that we have this one for four or five years—the confidence of people who bring their money to this country and who invest in jobs begins to go.

There has been much talk of subsidised jobs. My right hon. Friend the Leader of the Opposition made exactly the right point. Job creation comes through people having the confidence to invest their money in this country. That confidence will quickly be sapped as a result of the dogmatic change of direction that we witnessed in the Budget. The precedents of previous socialist regimes will be repeated.

People who want to put money into this country will start to lose confidence, and that will put pressure on the pound sterling. At the moment, it is exactly the other way round, so there will be a period when the problem will be disguised, but a time will come when the Government will be concerned about pressure on our currency, as Labour Government always are. I cannot put a figure on the time that it will take, but in about 12 or 18 months the Labour Administration will start to panic as pressure is brought to bear and money is taken out of the country. They will scratch their heads and wonder what on earth to do.

The first thing the Government will do is to try to put up interest rates. The tragedy will be that that rise in interest rates—if it is in 18 months—will coincide with the point in our natural economic cycle at which it would be sensible to bring interest rates down. Because of the growing lack of confidence in our currency and our economy, interest rates will start to rise. The Government will consciously increase them: it happens every time. As a result, the pound will not strengthen. The reason why the pound will be under pressure at that point will have nothing to do with interest rates. We all saw what happened in the last days under the exchange rate mechanism. On that ghastly morning, we increased interest rates to 25 per cent. I think—I cannot remember the figure. [HON. MEMBERS: "Fifteen per cent."] They were raised to 15 per cent., but it had no effect on the value of our currency. Confidence is what counts.

Mr. Hilton Dawson (Lancaster and Wyre): Will the hon. Gentleman take note of the comments of the right hon. Member for Yeovil (Mr. Ashdown) and give us his reaction to the cut in corporation tax and the assistance given to firms wanting to invest in jobs and capital development? The clear message from small and medium enterprises in my constituency is, "Give us tax relief to allow us to invest and create jobs."

Sir Michael Spicer: I shall come on to that point. No one disputes that it is a good idea to lower specific taxes on the industrial sector. Under a Labour Government, in the ghastly, nightmarish scenario that has precedents in history, interest rates are raised. While having no effect on the pound, that will have an impact on unemployment. An emergency Cabinet then meets and discusses the problem that is particularly painful for a Labour Government: not the falling unemployment that we had throughout the previous Conservative Administration, which will no doubt continue while our policies continue to have an effect, but a rise in unemployment.

A rise in unemployment always happens under a socialist Government as a result of a combination of high interest rates and falling confidence. It affects the economy, and at that point the Government scratch their heads and hold an emergency Cabinet meeting. They say, "We can't go on like this. We shall have to have job schemes." The Budget contains the seeds of such schemes.

Job schemes are about picking particular industries for particular treatment—in the Budget, the Government have picked the film industry—and supporting them with

[Sir Michael Spicer]

taxpayers' money, whereas what industry requires is the maintenance of a general level of confidence. Higher taxes and less confidence means that the spiral has begun: that happens under every Labour Administration. Today, the seeds of a totally new philosophy have been planted which will set the country on a downward spiral, as opposed to the strong trend of the past four or five years that the Labour party inherited.

I suspect that, this time round, when job schemes do not work and confidence is lost, refuge will be sought in joining the single European currency. The Chancellor was happy to say that we shall meet the Maastricht criteria on debt. I have no doubt that, somewhere along the line in the next two or three years, as confidence is lost, interest rates go up, unemployment goes up and job schemes have been tried, refuge will be sought in a single currency. I am glad to say that my right hon. Friend the Leader of the Opposition has given notice that that will be vigorously opposed. For Britain, the single currency means not just economic degradation but political degradation.

Mr. Geoffrey Clifton-Brown (Cotswold): My hon. Friend has already referred to the exchange rate mechanism debacle. If the scenario that he outlines continues and the pound remains at its present rate or even higher, would we not be risking a repeat of what happened before?

Sir Michael Spicer: As I am sure my hon. Friend knows, my view is that we should not enter the single currency as a matter of principle. There is no such thing as a right rate for the single currency. The single currency is, by law, for ever, and what is the right rate on day one might be the wrong rate on day two. The whole point about the exchange rate is that it reflects the economic circumstances at any one point. That is the essence of the argument against the single currency. However, the House will not wish me to detain it on that. No doubt, we shall have another opportunity to debate the single currency and Europe, and other wonderful things.

I simply end by saying that the Budget marks the beginnings of a tragedy for Britain. We are seeing the turning of the tide. The Labour party will no doubt cheer at this profligacy. If I were a member of the Labour party, I would, too. For Labour Members, it is a wonderful socialist Budget, but it is potentially disastrous for Britain. We are seeing the beginnings of a new trend in the way in which we are to be governed. On historical precedents, in two or three years' time, disaster will begin to befall our country. It is a terrible shame because, at last, the country was on the right track economically and other countries envied it. In two or three years' time, all that will be at nought.

5.51 pm

Mr. Alan W. Williams (East Carmarthen and Dinefwr): The Budget analysis of the hon. Member for West Worcestershire (Sir M. Spicer) is very different from my own. I want to correct him on two factual points. He said that we would be spending all the continency reserve, but in fact the majority of that £5 billion is, in the Chancellor's words, to be retained. The hon. Gentleman also said that we would be profligate with public expenditure and borrowing, but the public sector borrowing requirement, as revised in today's Budget, will be £13.25 billion this financial year and £5.5 billion next year—down to less than 1 per cent. of gross domestic product.

If I have one criticism of the Budget, it is that it is far too restrictive or deflationary in its second year. I cannot quite understand why we need a PSBR to be that low. I hope that the Chancellor may have in mind that next year it will allow him some slack for additional public expenditure in the services that desperately need such spending.

My only other comment is that the hon. Gentleman seemed to anticipate a terrific run on the pound at some stage in the next 12 or 18 months. He was full of the doomsday scenario now that we have a Labour Government with a huge majority. To be honest, I wish that there would be a run on the pound, given its tremendous appreciation in value in the past year—up 26 per cent. against the deutschmark and the French franc. It is dramatically overvalued. The backdrop to today's Budget is the stupendous rise in the Financial Times index yesterday of over 100 points. That does not tally with the kind of scenario that the hon. Gentleman presents.

Sir Michael Spicer: So that there is no confusion here, I said clearly that, as a result of the previous Government, we now have a strong economy. What I am worried about is that being tossed away in the next two or three years.

Mr. Williams: I do not think that that will happen, certainly not while it is in the hands of our present Chancellor. He is extremely competent. He has shown great ability in opposition during the past five or seven years in his handling of the various economic groups. The basis that he has laid this afternoon in his Budget speech will see us very well over the next several years.

The Budget tallies with what we promised the electorate during the election campaign in April. I am particularly delighted with the windfall tax. It was worked out over many years and any complaints that the Opposition or shareholders may have about it have been discounted in share prices over many years. American companies have in no way been dissuaded from coming in and picking up the electricity companies one by one, despite their full knowledge that the windfall tax was coming.

The windfall tax will raise about £5 billion and is thoroughly justified. The electricity, water and gas industries were sold off at a terrific discount and the profits that they have made at the expense of the ordinary consumer have been a rip off. Anyone who invested £1,000 in those companies on privatisation will have seen their money treble over the years. If anything, the £5 billion is modest in terms of recouping some of the windfall gains made by investors in the privatised industries.

That money will be magnificently redistributed to the unemployed. It will pull people from welfare into work. It will reach every deprived community in Britain, whether they be in old mining valleys, as in my constituency, or in the regions, in Scotland, the north-east or wherever. The poorest parts will benefit the most because that is where unemployment is highest. Therefore, the social justification of the windfall tax is absolute.

I acknowledge that there are tax increases in the Budget. They are necessary because, as the hon. Member for West Worcestershire said, the economy is booming. The curious thing is that the previous Chancellor put in train a pre-election boom, but, because confidence was so low, it took two or three years for the economy to kick off in any kind of way. The pre-election boom, has landed about six months too late for the Conservative party.

There is far too much money around in that boom and it had to be taken out of the economy. House prices are up 10 or 11 per cent. in the past year and retail sales are up about 7 per cent. The building society pay-outs from demutualisation mean that about £30 billion will be coming into the economy to be spent. With such pressure, it was necessary to take money out of the economy. My hope was that this afternoon's Budget would take about £7 billion out of the economy. As I understand it, about £5 billion is being taken out. That is justified for the sake of the economy's long-term health. It will largely be used to cut borrowing.

I was pleased that the Chancellor, towards the end of his comments, told us that next year there would be more money for the health service and education—£1.2 billion to patient care, and £1 billion to schools. That £1.2 billion means an additional 3 per cent. for the NHS budget. However, I think that a crisis is coming in the NHS this winter and we may well find that, as we approach November or December, our trusts and health authorities will need some extra money.

I shall make a few comments about the value of the pound. The massive appreciation in the past year has made it unsustainable at its present level. The pound has risen 26 per cent. against the deutschmark, which means that our goods in Germany are now 26 per cent. more expensive, whereas German and French products in our market are that much cheaper.

There is a time lag between devaluation or revaluation and the economic effects working through. The pound is now at pre-Black Wednesday values, and it was the devaluation on Black Wednesday and in the following few months that brought recovery in the past two or three years. The converse of that is that if the pound stays at its present value for any sustained period, it will cause us problems two or three years down the line.

Like my hon. Friend the Member for Middlesbrough (Mr. Bell), I hope that taking out £5.5 billion from the economy today will be enough to stop interest rates rising, and the pound with them.

Mr. William Ross (East Londonderry): Does the hon. Gentleman agree that all that so-called Black Wednesday did was to restore the currency to its true value on the international market?

Mr. Williams: I think so. That allowed us to cut interest rates dramatically, which is how the recovery got under way. The clear danger now is that, the pound having gone back up to Black Wednesday levels, at something like DM2.90, that cannot be sustained.

In general, I welcome the measures in the Budget, especially the windfall tax and what that will do to unemployment, as well as the special announcements on health and education. My only criticism is that, looking forward one or two years to a public sector borrowing requirement of only £5.5 billion, I think that our iron Chancellor is proving just a bit too cautious, or too tough, with his money. I hope that, in 12 months' time, he will allow a little more laxity, especially towards our public services.

6.1 pm

Mr. Richard Spring (West Suffolk): I am grateful to you, Mr. Deputy Speaker, for giving me the opportunity to speak this evening. The Chancellor of the Exchequer talked about his desire for the British economy to be part of the new fast-changing global economy. Nobody could disagree with those sentiments.

However, the fact is that the Government have been bequeathed a unique dowry—probably never equalled at any time in the history of the 20th century. In contrast to what has happened time and again in previous economic recoveries, we have steady prices, our balance of payments is under control, and we have falling unemployment and a falling public sector borrowing requirement.

I note, for example, that *Barclays Economic Review* for the second quarter of 1997 sums up the United Kingdom economy thus:

"The incoming Labour Government has inherited a very favourable set of economic circumstances, with output growth strengthening steadily since the middle of last year, the unemployment rate below 6 per cent. and the underlying rate of inflation within the target range of 2½ per cent. or less. Even the public finances have been better than expected, with the Public Sector Borrowing Requirement for the last financial year coming in £3.6 billion below the Treasury's November projection."

We know that the International Monetary Fund, too, has called the performance of the British economy enviable. In the latest Library research paper dated 1 July, the following comment on our Budget outlook appears:

"The generally favourable set of economic indicators described in this Paper need little further explanation. The economy has continued to grow steadily with continued falls in the level of unemployment and historically low levels of inflation and interest rates."

The Budget is therefore something of a fundamental irrelevance. It has nothing to do with the good management of the long-term performance of the British economy, because that was already in place. I pay tribute to my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who engineered the remarkable economic environment that we now have. It is a precious dowry that the Labour Government are fortunate to have secured from us.

Despite all the hints that we heard in the past few weeks about budgetary black holes, we know that although the Government searched for one they discovered nothing, even when one changed the projections for economic growth rates. There are no discernible inflationary pressures, such as those that characterised earlier economic recoveries. Before the election, we heard time and again about our so-called economic failure and our inability to reduce the Budget deficit or unemployment. Now, suddenly, we hear about the risk of overheating in the economy.

I repeat that the Chancellor's Budget has precious little to do with economic management and everything to do with the politics of the Labour party in government. Those of us who are especially interested in the subject of economics must never forget that, in economics, we are dealing with flesh and blood, with human beings and their hopes and aspirations, not with some kind of abstraction.

[Mr. Richard Spring]

When I look at what has happened in my constituency, as elsewhere, and the dramatic transformation in the lives of so many people who live there, the figures speak for themselves. Five years ago, unemployment in Haverhill was 9.5 per cent. Now, it is 4.3 per cent. and falling. In Newmarket, the rate was 6.7 per cent.; now, it is 3.5 per cent. and falling. In the Bury St. Edmunds travel-to-work area, unemployment has fallen from 5.5 to 2.7 per cent.

Those falls in unemployment mean job opportunities and the realisation of hopes and aspirations throughout our country for hundreds of thousands of people—in contrast to what has happened in the other major industrial economies of Europe. When we consider the welfare-to-work programme announced by the Chancellor, we must remember that, according to the labour force survey, since autumn 1992 youth unemployment has fallen well beyond the 250,000 figure that the Chancellor mentioned when he first spoke of his desire to reduce unemployment among young people via a windfall tax.

We must ask ourselves the simple question: why has that happened in the United Kingdom when the performance of other countries has been so poor? What a tragedy for young people under 25 who live in Spain, 42 per cent. of whom are unemployed. In France, 29 per cent. of young people are unemployed, and in Italy, the figure is one in three. Even in Germany, there is a high level of disguised unemployment because of the operation of complex training programmes.

Moreover, the Budget is moving us closer and closer to the European economic and social model, which blindingly obviously is becoming a manifest failure, unable to deliver the economic performance that would mean jobs and prosperity, and the fulfilment of the hopes and aspirations of young people.

The other side of the coin of today's Budget includes the real views and policies of the Labour party. There is stakeholding—we heard nothing about that today—there is the introduction of the minimum wage and the signing of the social chapter, and there are new rights for unions. All of those are utterly irrelevant to the operation of a modern high-technology economy.

Just as many European countries have sought to fudge the criteria for the Maastricht ratification process as we move towards a single currency in continental Europe, so today we saw a fudge in the way in which the reserves were raided to find additional sums for health and education spending. We had a clear foretaste today of Labour's move away from the economic environment that has delivered jobs so successfully in the form of the windfall tax, which clearly discriminates against those companies that have to pay it. The welfare-to-work programme fails fundamentally to address long-term youth unemployment by failing to create enduring opportunities for employment. That is the main criticism of the plan—that, at the end of the day, there is no assurance that those jobs will be secure. All the other component elements of Labour's economic policy will certainly ensure that such opportunities will not be realised over a period of time.

If we look back to the 1950s and 1960s—when the mainstream of intellectual thinking in the Labour party arose—Governments, trade unions and industry across the continent of Europe were formulating macro-economic policies, and it worked. The national cake grew. In the 1970s, however, we saw the beginning of oil shocks, inflation and the inability of our economy—and those in Europe—to adjust to the new reality of technology. We are seeing a dramatic change in the way our economy and our labour market operate. Labour has totally failed to understand the job creation process or the process of creating the competitive environment which enables jobs and employment to grow.

In the past 10 years, we have seen massive downsizing in large corporations and businesses across the industrialised world. Industry now organises itself in a different way. For example, Japanese car companies have come to this country with considerable success—they have out-sourced their supplies, raised quality and spread their activities around in a different way from the monoliths which operated 20 or 30 years ago. This process of fragmentation has gone on for some time, and the Government's macro-economic, social and economic model is certainly not fitted for it.

In my rural constituency, hundreds of people who are living at home are linked to businesses through the Internet, the fax and modern communications. The fragmentation process means that the Government's proposed model for the next few years will result in a failure to adjust to the high-technology modern structures of our economy which have created jobs successfully. In the next two years, things will begin to fail in this country and the Government will start to destroy the job creation process. Of that, I am absolutely confident. The previous Government were successful in keeping corporate taxation low, creating flexible labour markets and ensuring that rights were not given in a way that meant the right to the dole queue. The result was an unparalleled tidal wave of inward investment in this country.

I welcome the cut in small business corporation tax. In the context of the downsizing in our economy, it is in the smaller and smaller business operations where the jobs of the future will be formed. The small business community feel that it is crucial that their cash flow is improved. Because of exemptions and thresholds, many small businesses do not pay corporation tax at all.

One thing that was depressingly absent from the comments of the Chancellor was any reference to the real concern of many small businesses about what will happen to business taxes under the new Labour Government. During the general election campaign, we pledged to introduce a rateable value exemption of £1,000 for the purposes of the uniform business rate, which would have had a dramatic impact on the cash flows of small businesses. Instead of which, we have been promised the true horror of local business rate taxes. In the 1980s, this meant Labour-controlled, anti-business local authorities driving up business taxes and driving people into bankruptcy and unemployment. It is a matter of regret that that key area of small business activity was not even alluded to by the Chancellor today.

Another disappointing element is the cut in private insurance tax relief for medical purposes. Many of my elderly constituents value their access to private medicine, and many say that if abolition takes place, they will cease to take out private health insurance and will become dependent on the national health service. In this country, the percentage of spending in the health service in the private sector is significantly smaller than in virtually any

other country in Europe. It is a matter of regret that that is the case when so many collaborative relationships are developing between the private and public parts of the health service.

Mr. Martin O'Neill (Ochil): Could the hon. Gentleman advise me as to what I should say to elderly constituents who have worked in textile mills and are in receipt of small pensions on which they have to pay income tax? Why should their income tax subsidise the better-off who can afford the kind of health insurance to which he refers and for which the premiums are large?

Mr. Spring: I fear that the hon. Gentleman's arithmetic is a little awry. If 200,000 elderly people come off private health insurance and start using the facilities of the health service, it will be an entirely different story. That will increase the tax burden for everybody—including the hon. Gentleman's constituents.

On green taxes, we must all be aware of the importance of preserving the environment and the legacy that we will pass to our children and grandchildren. It was announced today by the Chancellor that there is to be a substantial increase in fuel taxes, and this will have an impact in rural areas. But the importance of the environment in rural areas cannot be isolated. An increase in fuel taxes, and a roads programme that effectively prevents the proper repair and care of the roads system and potentially denies bypasses around rural villages, will mean that a different kind of environment is affected—our architectural heritage, which will be damaged by heavy traffic. That is a matter of regret and I hope that it will be remedied in due course. If we are to be sensitive about the environment, let us be sensitive about the impact on our architectural heritage of increasing fuel taxes in isolation and about the need for a high environmental quality in rural areas.

I wish to refer to the reduction of MIRAS. In my view, it would be desirable to consider the possibility of allowing first-time buyers—who need most help in the housing market—to have help directed to them, rather than a general phasing down which excludes that important group. We heard from the Chancellor today of his dedication to home ownership; such a system would be a powerful incentive for young people.

There is no escape from reality. The reality of this Budget is that, unless we have an economic environment that creates the parameters for the economy to continue to grow, all the best intentions in regard to reducing unemployment will certainly fail. Having listened carefully to what the Chancellor said today, I fear that, as we move inexorably away from the policies that brought about the remarkable economic success story that is the United Kingdom today and towards a European social and economic model—I am thinking of the link with Labour's other policies—that success story will end in tears.

6.20 pm

Mr. Jim Murphy (Eastwood): Thank you, Mr. Deputy Speaker, for allowing me to make my maiden speech during the first Budget debate under a Labour Government for nearly two decades. I am delighted to have the opportunity to speak in such an important debate.

One thing that has struck me about the maiden speeches made so far by hon. Members on both sides of the House is the way in which those hon. Members have made their constituencies sound like the type of place in which I would like to spend my summer recess. Although I do not promise to persuade the House that Eastwood is the tourist capital of the United Kingdom, I hope that I can at least match some of their eloquence and commitment.

Until 2 am on 2 May, Eastwood was the safest Conservative seat in Scotland, but I am glad to say that that is no longer the case. Eastwood, which I am privileged to represent, is made up of many unique and distinct villages and communities. Eaglesham is the picturesque conservation village, soon to benefit from a bypass. Neilston, Uplawmoor, Busby and Thornliebank are all distinct villages in their own right, with a distinct culture. Giffnock, Netherlee, Stamperland and Newton Mearns are prosperous suburban areas from which many people commute to Glasgow. Barrhead, an industrial town on the outskirts of the constituency, is resilient in bad times, innovative in good times and loyal to Labour throughout, and has a unique sense of local pride.

Eastwood's sense of community is added to by the number and variety of voluntary and civic organisations that are working determinedly, particularly those that are committed to working with the young, the elderly and the disabled. We are also fortunate to be served by two excellent local newspapers, the *Barrhead News* and the *Eastwood Extra*. Hundreds of small businesses in Eastwood employ more than 10,000 local people. They will welcome new Labour's new commitment to a fairer deal and lower taxes for small and medium businesses. Farmers in Eastwood will also welcome the new Government's plans for a clearer policy on agriculture, and their commitment to clearing up the BSE mess.

Like many of my colleagues, I believe that my constituency is much more than just the towns and villages that make it up. Its greatest asset is its people. Let me mention a few of them. Sir John Montgomerie, Lord of Eaglesham, fought the English at the battle of Otterburn in 1388; I am pleased to say that he was a member of the victorious army of the Earl of Douglas. John Shanks, who formed Shanks and Co. in 1852—it was based in Barrhead—is famous for the invention of the water closet.

Mr. Rhodri Morgan (Cardiff, West): That was Mr. Crapper.

Mr. Murphy: I will not respond to that sedentary intervention.

John Shanks's enduring contribution to all our lives is such that any hon. Member who visits any public convenience, even in the House of Commons, will be aware of his craftsmanship. Although Eastwood may not be the tourist centre of the United Kingdom, it is, perhaps, the most convenient area in the United Kingdom.

Other persons of note in Eastwood were the Crum brothers from Thornliebank who set up a printing company. They pre-empted by more than 100 years the current Prime Minister's commitment to the environment and ethical industries. Theirs was one of the first smoke-free factories. They employed a local doctor, and built local housing, schools and recreation facilities. Alexander Crum went on to become a Liberal Member of Parliament in 1880.

I want to pay tribute to my predecessor Allan Stewart, not simply because it is the customary thing to do but because it is the right thing to do. I often disagreed with

[Mr. Murphy]

Allan Stewart's views, and in the early part of the election campaign we both rehearsed our arguments convincingly. Allan was always strong and strident in expressing his beliefs, regardless of which party they fitted and which arrangements he upset. Hon. Members will know that he has been through a difficult patch recently; I am pleased to say that he has now left hospital, and I am sure that the House will join me in sending best wishes to him and his family, and wishing him a full recovery.

Another of my predecessors, Robert Nicholl, was the only other Labour Member of Parliament for Eastwood. He was elected in 1922. A little-known fact is that he was the great-uncle of my hon. Friend the Member for Glasgow, Cathcart (Mr. Maxton), who is present this evening. He had two great passions, for which he became renowned in the House. The first was campaigning for smaller classes in primary schools. In 1923, he spoke in the House in favour of reducing classes to 65 pupils or fewer, which gives some indication of the position at the time. Perhaps we have made some progress since then.

Robert Nicholl may have failed in his second important contribution. He campaigned in favour of brevity in Members' speeches. Although we have halved the size of primary school classes, I fear that in the intervening 75 years we have doubled the length of Members' speeches, although I have no intention of following that example this evening.

Robert Nicholl's tenure in Eastwood was short. He lasted only 23 months, and died at the age of 35 a few months after leaving the House. As the first Labour Member of Parliament for Eastwood for nearly three quarters of a century, I hope and expect to remain here a great deal longer than Mr. Nicholl. In that aim, I have an unexpected but welcome ally in the shape of the Scottish Conservative party, whose members, given their antics and divisions, seem intent on keeping me here for some time.

In the Scottish Conservative party, common sense now seems like a distant relative. Scottish Conservatives seem to believe that they lost the election simply because of the constitutional issue, but that is not the case. The contents of today's Budget bear more compelling testimony to their political impotence in Scotland than any constitutional debate. The Budget statement, to which we listened with great interest, set out an agenda for the 21st century. It is an entirely different type of Budget: a Budget for the many, not the few. At its core is the plan for a windfall levy, providing new opportunities for a new generation.

Many young people in my constituency, and in constituencies throughout the United Kingdom, have known only a Conservative Government. Eastwood has more young voters than any other constituency in Scotland and, for too long, for too many young people, politics has been a source of problems. As a consequence of the Budget, politics can at last begin to become a source of solutions in those young people's lives.

There are 25,000 young unemployed Scots, many of them long-term unemployed. Some have never worked in their lives—yet we hear from Conservative Members that we should not introduce a windfall levy to alleviate the problem. Scottish Power has made a profit of £1.9 billion since privatisation. Labour Members believe that we should employ those excess profits to put young people in Scotland back to work.

My right hon. Friend the Chancellor talked extensively about pensioners and a fairer deal for them. There are more than 14,000 pensioners in Eastwood, and they will welcome his announcement of a reduction in value added tax on fuel. That will bring about real change in their lives.

The people of Eastwood and of Scotland in general will welcome our core agenda of the people's priorities of health, education and jobs—those were the issues on which I fought the general election campaign—and will be pleased to know that there is to be an extra £200 million for services in Scotland next year. Already, my right hon. Friend the Secretary of State for Scotland has announced that £9 million—additional money to provide additional services and facilities—will go towards Scotland's schools this year.

I believe that the excitement and energy surrounding this Labour Budget can challenge the creeping cynicism about politics and politicians among many young people and society as a whole; it can reignite enthusiasm and belief in the political process.

I welcome my right hon. Friend's encouragement to hon. Members of all parties to become champions of welfare to work. I encourage Conservative Members not to let their ideology get in the way of opportunity for young people throughout the country. I have said that some people think that politics are irrelevant and do not matter. If Conservative Members put their ideology before the future of our young people today and in the coming months, it will be they who matter even less.

6.31 pm

Mr. Shaun Woodward (Witney): I congratulate the hon. Member for Eastwood (Mr. Murphy) on his maiden speech. I feel for you, Mr. Deputy Speaker, as I too am about to engage on that task. I am grateful to you for calling me to speak, but even more grateful to the electors of Witney who gave me the opportunity to do so.

I am aware that my remarks must be in the spirit and practice of the House in being uncontroversial. I must confess that, looking back on speeches not only by hon. Members in this Parliament but by Labour Members on previous occasions, the definition of uncontroversial seems to be increasingly relaxed.

I am fortunate to be able to pay tribute to two of my predecessors. Colonel Dodds-Parker is still very much with us, and I am extremely grateful to him for his kindness and encouragement. He was both a distinguished politician and a man of enormous courage and conviction, not least in the way he served his country for special operations during the war.

It is an especial pleasure for me to pay tribute to Douglas Hurd, who represented Witney for 23 years before standing down at the general election. Lloyd George said:

> "A politician is a person with whose politics you don't agree. If you agree with him, he is a statesman."

I am sure that no one in the House would have difficulty in recognising my predecessor, now Lord Hurd of Westwell, as a statesman.

It is difficult to praise too highly a man who has been a notable servant not only of the House but of the country. Tested in the highest offices—Northern Ireland Secretary, Home Secretary, Foreign Secretary—Douglas Hurd relentlessly demonstrated the skills of a diplomat, reformer and cunning negotiator. To paraphrase some remarks made recently about Colin Cowdrey, he has style and elegance at the crease and humility and concern for others off the field.

Douglas Hurd's crease has been not only the Dispatch Box but the forum of international negotiation. We are all aware of his humility off the field, and it is a considerable tribute to him that his concern and care for constituency responsibilities have played centre stage throughout his life. At a time when politics and politicians are not always held in the highest regard, he gives renewed definition to the concept of public service. It is not by chance that he has been a mentor to so many in the House.

Speaking of public service, I want to pay a special tribute to Chris Patten, the former Governor of Hong Kong. His determination to do not what was easy or expedient but what was right has ensured that Britain has discharged its responsibilities to the people of Hong Kong with honour, not obloquy. I am sure that all hon. Members will have been moved by the enormously high regard in which he was clearly held when he left Hong Kong on Monday. If hon. Members are able to offer a fraction of the public service that he has given, we will all be doing extremely well.

It is a tradition of the House to offer hon. Members a Cook's tour of one's constituency. I will not disappoint, but hon. Members may want to be spared an account of every one of its 82 villages and towns. The town of Witney nestles in the heart of West Oxfordshire. It is a seat marked by history, tradition and commitment to innovation: fitting themes when we consider the implications of today's Budget statement.

Many hon. Members will be familiar with the towns in my constituency, not least Burford and Woodstock. I trust that many will have visited the area; tourism is one of the most important industries in West Oxfordshire. Indeed, it was from the borough of Woodstock and Burford that the electors of 1640 returned Speaker Lenthall, who was of course a keen defender of the rights of Parliament and would surely have had strong views about the Budget leaks to the press.

Tradition and evolution, two watchwords of Conservatism, are a way of life in West Oxfordshire. The importance of the rural economy, of farming, and of those who are the stewards of our countryside, is of equal value today as it was when Speaker Lenthall was elected more than 350 years ago. The landscape has evolved as a product of a vital partnership between the land and those who care for it.

My constituents regard themselves as living in a rural community and are wary of those who would seek to impose on their way of life a set of urban values. It was Disraeli who warned of political parties that:

"attack the institutions of the country under the name of reform, and make war on the manners and customs of the people of this country under the pretext of progress."

There is a view that recent moves in the name of progress and reform to prohibit the legitimate pursuit of country sports are not only ill considered but a reflection of those who do not understand why our countryside takes the shape and form that it does.

The enormous environmental, economic and employment consequences, about which the Chancellor has had so much to say today, that will, none the less, result from a ban on hunting, concern many in my constituency. I do not hunt, but I have become aware of the role that hunting plays in the life of the people of West Oxfordshire.

Our hunt keeps bridleways open, maintains hedges and fences, and plants and manages woodland. For example, on one farm alone in the Heythrop hunting country of Oxfordshire, 12 acres of covets and three miles of hedgerows have been established around arable fields. That would not have happened without hunting.

Those developments have led directly to the development of important new wildlife habitats that enhance and benefit native species. It is hard to predict how the landscape would change under the absence of hunting interests, but the risks are all too clear. Taking risks, many of them not properly calculated, is something that the Government have been prepared to do at every opportunity. I urge them to think hard before taking risks that will destroy our natural heritage.

Witney is a spirited example of the importance to our economy of innovation and enterprise. It is therefore fitting that I am able to address the House on the day of the Budget. Witney enjoys one of the lowest unemployment records in the country, at about 1½ per cent. It need not have been such a success story, but enterprise and the determination to succeed have led to an extraordinary transformation in the employment prospects for my constituents.

Amid its idyllic countryside, Witney sports some of the most advanced industries in the United Kingdom today: firms such as Oxford Instruments and Objex Electronics. Business parks abound, and scores of small and medium-sized enterprises are set up every month. It is a legitimate exercise for my constituents to ask what the Budget will do for them.

I have said that I will try to keep my remarks uncontroversial, but as the Prime Minister said in his maiden speech:

"You may wonder, Mr. Speaker, why, contrary to tradition, some maiden speeches have been controversial. Perhaps it is pertinent to ask in what sense they can be controversial . . . What impels us to speak our minds is the sense of urgency."—[*Official Report*, 6 July 1983; Vol. 45, c. 315.]

It is a sense of urgency that impels me to speak. This Government have three modes of procedure. The first is that of precipitate haste, demonstrated by the manner in which operational control of interest rates was gifted to the Bank of England without consultation in the House. The second is that of recurring reference to working parties and reviews. The third mode, as we have seen strikingly illustrated today, is by leaking to the press before coming to the House. It is a shame that the high moral tone adopted by Labour Members in opposition was not carried forward when they moved into government.

As for the Budget leaks today, if it is proven that they came from Treasury officials, hon. Members will undoubtedly look forward to what action the Government will take. Will they, like Dalton, recognise that they

"must make full and frank admission"—

of their responsibility—

"and express . . . apologies to the House."?

I fear that they will not.

[Mr. Shaun Woodward]

Today's Budget undoubtedly falls into the category of precipitate haste. I do not know whether Labour Members have had the opportunity to read the excellent play by David Hare, "The Absence of War". The would-be Prime Minister tells his spin doctor

"A politician can only deal with his inheritance. With the situation as it arrives."

The constituents of Witney are at a loss to understand why the Labour Government need an emergency Budget when, according to just about every economic indicator available, their inheritance demonstrates that in the past 40 years Britain has never had it so good. Unemployment is falling, taxes are down, interest rates are down, mortgage levels are down, and growth rates are being continually revised upwards.

The Chancellor may have come to the House with a brand spanking new Budget box, but it was still red, and it was a box of old Labour tricks, albeit with a hint of new Labour characteristics.

Of course, we welcome the cuts in corporation tax, which the Chancellor said were made to ensure that the United Kingdom was the number one destination for foreign investment. I am awfully sorry to tell him that it already is the number one destination.

There have been all kinds of pretext for the changes that have been made today. Under the pretext of stability, progress, and in the name of reform, the Budget has at its centrepiece, like all Labour Budgets before it, the desire to raise taxes. It has introduced at least 10 new taxes—if we count the windfall tax as a single tax.

At best, Labour has breached the spirit of its general election pledge not to increase the tax burden on the middle classes. The urgency, the emergency today, is one manufactured at No. 11 Downing street. There is no emergency. Such a state exists only because the Chancellor has told us that he must have an emergency Budget. There are times when one is necessary; we needed one in 1979 because the country was broke. Then, tax rates were at 83 per cent. and 33 per cent. and inflation was out of control.

Those are not the circumstances of today, so how does Labour deal with its inheritance? It deals with it by raising taxes in the name of welfare to work, which is a perfectly laudable and proper aim, but how does it plan to achieve that end? By tax—an indiscriminate and unfair tax since almost none of it will be paid by the corporate sector, because one way or another the windfall tax will be passed on to consumers, ordinary people. It will hit pensioners extremely hard. In fact, 24 million households will find themselves paying an extra £200 a year for that new tax. That will, of course, hit pensioner households harder than anyone else because their incomes tend to be lower. Many of the shares of the companies that have been taxed today are held in some form by pensioners. The logic of the tax disguises the focus of its attack—the most vulnerable in our society. It is misguided, unfair and it is ordinary people who will suffer the most. Like all tax, it will hurt.

The changes announced to advance corporation tax represent yet another step by which everyone who was led to believe that Labour would not raise taxes will now realise that he was misled. Labour's plans will create instability in the pension market and see the transfer of investment out of the United Kingdom. It will undoubtedly lead to individuals picking up the bill.

Far from the Chancellor's claim that the Budget concentrates on laying the foundations of tomorrow's wealth, it lays the foundations for dismantling Britain's wealth creation. That tax change, far from encouraging a long-term perspective in business investment, as Labour maintains, will simply increase the cost of capital for investment financed by new equity and will increase the overall level of taxation. The tax, ironically, reduces the investment that the Chancellor said that he was so keen to increase.

Other new taxes were also announced. Taxes will be imposed on those who would own their own homes. People will be taxed when they buy a home, through increased stamp duty. They will be taxed when they try to pay for their home because the level of mortgage interest relief at source will also be reduced. Tax on petrol will be a particular blow to the people of Witney and all those who live in rural communities.

This political Budget is not justified by a squandered inheritance, such as we found in 1979. This Budget was, however, utterly predictable—even if it had not been leaked—and its spirit runs according to the true vein of old Labour. The public were led to believe that there would be no new taxes. Small businesses were led to believe that Labour would understand their needs. Large companies were led to believe that Labour was a safe option and would not interfere. Yet in every pore and sinew of the Budget, Labour has shown its basic instinct: to tax and tax again. Ten new taxes will raise £10 billion. That has not been done because the Government are trying to protect the country in a recession. We raised taxes to protect public services, but the Budget reveals good old Labour policies of tax and spend. If the Labour Government will put up taxes now, when the economy is doing this well, what the heck will they do when the economy meets a downturn?

The Labour party, this new Labour party, may have abandoned the heady aspirations it had when it last enjoyed such a substantial majority in 1945. It may be extremely arrogant and smug at the moment. Collectivism has been banished, but new Labour is no longer the intellectual powerhouse for socialist beliefs. Today is not the brave new world to which the electors looked forward or the new Jerusalem that they were led to expect; instead, we have witnessed the beginning of a return to the misery of tax, spend and subsidy. It is a Budget for deferred misery.

I am a Conservative because I believe that, at its best, Conservatism is the most effective way in which to create real opportunity, real jobs and a better way of life for our country. In practice, socialism, despite its virtuous ideals, has always resulted in a levelling down. In the name of reform, it undermines stability. In the name of progress, it undermines achievement.

Today's Budget does little to build on the stability that Britain has created or to enhance the achievements of our people in the past 18 years. The Chancellor says that it is a Budget for investment, work and for the future, but the train that left the platform this afternoon is inherently unstable. The Budget will create artificial jobs and throw many out of work. It institutes subsidy in place of enterprise and competition. It has at its heart the instinct of tax and tax again.

That the Labour party spent the election assuring the public that Britain had had enough of tax rises was like the kettle calling the pot black. Its prospectus and its statements today have revealed that that was not the case. Today, we see the value of those assurances. We can only predict that, like all houses built on sand, the economy will become inherently unstable.

6.49 pm

Ms Diane Abbott (Hackney, North and Stoke Newington): There was much to welcome in the Budget. Any remaining Conservative supporters who heard the pathetic attempts of the Conservative party in Parliament to criticise it with bogus allegations of leaks would be forced to weep. It is a sign of how low the party has sunk that it is unable to mount a sustained, serious attack on the Budget.

I want to discuss reform of the welfare state, which is probably the most important Budget theme for people who live in inner-city constituencies such as mine. My right hon. Friend the Chancellor of the Exchequer made much in his excellent speech of his aspiration to build a welfare state for the 21st century. No one who has had dealings with the welfare state, whether as a claimant or through trying to help claimants, could deny that it is creaking and in urgent need of overhaul. It is degrading, inefficient and laden with bureaucracy. We can all think of ways in which it could be reformed and of improvements in the way in which we deliver benefits. To cite one, the Benefits Agency has had a series of targets imposed on it by Government. A benefit take-up target is long overdue. How can it call itself effective if it does not ensure as near 100 per cent. take-up as possible? Some benefits have a very low take-up rate.

I want to focus on the programmes that have been heralded today. First, there are my right hon. Friend's plans for lone parents. Much of the political debate about what politicians and society should do about lone parents is based on a body of prejudice and misinformation. The prejudiced and biased way in which the media have presented the debate down the years has meant that an unnecessarily and misleadingly mechanistic model of why young women become lone parents has seeped into the political consciousness. It has almost become the accepted wisdom that women become lone parents of their own free will, to get extra benefits and a new council flat. My constituency may have the largest proportion of single parents in the country, and anyone who thinks that women become single parents to get council flats should see some of the ones that they occupy in Hackney.

The argument that women become single parents to get extra benefits—if it is not made by Conservative Members, it is often put by the tabloid press—asks us to accept that when young men and women get together on Saturday night and Sunday morning, the key factor in their decision whether to have sex is the thought that if the woman gets pregnant, she will get an extra £6.50 a week income support. Stated in those bald terms, the proposition is absurd. I make that point because if we fall prey to a mechanistic model of why women in the inner-city areas of Hackney, Manchester, Glasgow and the north-east become single parents, there is a danger that we shall fall prey to the reverse analysis that if we take away benefit, women will either not have children or will rush out to work.

I warn the House that I shall make this point over and over again in this Parliament. The reasons why poor young women in the inner city become single parents over and over again, often by different men, are complex and are not subject to mechanistic remedies, whether through the benefits system or through the welfare system. They have children because they are careless. Members of Parliament are not people to lecture others about being careless about sex. Single mothers have children because they believe that this time, the man will stay. A single mother may do it because she feels that if she has the child and dresses it up in the best that Mothercare can sell, she may, for the first time in her life, be someone. That may seen silly to hon. Members on the green leather Benches of this august Chamber, but unless we as legislators try genuinely to understand social conditions in the inner city and what drives young women to have, and keep having, children, we shall never address the problem.

My right hon. Friend the Chancellor's proposals include a package of help for lone parents. We are offering them special interviews, access to the Internet for more information about jobs, fast-track help with family credit and the Child Support Agency, 50,000 training places, after-school clubs funded by lottery money and more money for the CSA.

I object to none of those things in themselves, but let us be clear. It would be unfortunate if the Government got carried away by the assumption that young single-parent mothers do not go out to work because they do not know how much better off they would be if they did. A young single-parent mother has only to turn on the television or experience her child coming back from school and asking for trainers that cost the equivalent of a week's benefit to know how much better off she would be if she worked. While I do not decry or oppose giving single mothers interviews or having them sit in front of the computers so that they can find jobs on the Internet, the fundamental cause of their not going out to work is not lack of understanding of how much better off they and their children would be if they worked, but issues such as child care.

Let us consider some of the other remedies advanced by my right hon. Friend the Chancellor. The information presented with the Budget talks about giving single-parent mothers who go to special interviews fast-track help with family credit and the Child Support Agency. If it is possible to speed up such access for some single-parent mothers, we should in justice and fairness, speed it up for everyone. It is not fair to offer swift and efficient service to some people, who will go through the rigmarole of interviews sitting in front of a computer and plugging into the Internet, while offering a slow process to others.

We also talk about making 50,000 training places available for child care workers. I am not opposed to that, but again I put it to the Government that the problem with child care, and I speak with some feeling having brought up a child on my own for the past five years and nine months, is not a lack of trained child care workers, but the lack of availability of child care facilities, whether in the workplace or in the community. Training people for jobs in nurseries that have not been built or whose fees my constituents could not afford to pay will not meet the needs of my constituents. We also talk about giving extra money to the Child Support Agency. That is fine and will help some mothers, but it specifically will not help mothers on benefit.

[Ms Diane Abbott]

There is nothing in the package that I disagree with, but until the economy or Treasury thinking reaches a point where we are prepared to put real money into a genuine national strategy to produce affordable child care, we shall still have the problem of lone mothers being out of work, not because they are lazy or want to watch daytime television rather than working, but partly because the jobs are not there and partly because of problems with child care.

My hon. Friends have talked about after-school clubs; they are all well and good, but, as I know, they do not help in the holidays. The poorest single mothers will enter the work force and find jobs in shops and service industries that involve working nights and split shifts; it is precisely those single mothers who need elaborate child care arrangements. I do not see how after-school clubs will, in themselves, meet the child care needs of women who are increasingly working in retail, cleaning and service industries in which they are required to work nights, or strange shifts involving two days one week and one day another week. No normal nursery can meet those requirements.

I should be happy to stand here today and say that the measures outlined in the Budget will meet the child care needs of my constituents this year, next year or even within the five-year parliamentary term, but meeting the child care requirements of the poorest women such as those I represent in Hackney requires more money and more thought than has been forthcoming today. As the labour market becomes more complex, so women's child care needs become more complex.

Alongside the package of measures introduced today with much fanfare are the documents that go with the Budget. As I read them, I discover that we plan to go ahead with the cut in the lone parent family premium. We also plan to go ahead and cut the special rate of child benefit for lone parents. I very much regret that we have not felt able to reverse those Tory measures, which were so widely condemned by all the voluntary groups and all the groups that work with single parents. We shall achieve nothing by allowing single parents to remain poor.

I know that Conservative Members do not agree, but the reason for the supplement for single parents on income support and the reason for the special child benefit rate for single parents is that it is more expensive to be a single parent. If we cut the special money for single parents as we plan to do, we shall be forcing single-parent mothers into poverty. It would have been better if we had allowed our positive measures for single parents to kick in before we went ahead and implemented the Tory cuts.

Conservative Members have a lot to say about the glorious way in which they handled the economy and their marvellous economic legacy. It was a marvellous legacy for some, but many people, including many of my constituents, were left out of the economic legacy. Of course, I support my right hon. Friend the Chancellor's proposals for growth and his support for business, but I do not want a society in which the gulf between my constituents in Hackney and the people who did well out of the Tory years grows wider.

I also wish to mention the welfare-to-work package as it impacts on young people. I welcome the proposals: youth unemployment is one of the most serious problems facing us in Britain today. But the proposals need much thought and work. The House—certainly Labour Members—will not need me to point out that the evidence shows that when one tries to deal with unemployment by offering employers subsidies, those employers, if allowed, simply substitute existing jobs for jobs for which they can receive a subsidy. I want my hon. Friends at the Treasury to introduce concrete measures to ensure that employer subsidies do not result in job substitution.

The welfare-to-work proposals must ensure that black and ethnic minority youngsters get their fair share of jobs—that is important for inner-city areas. In inner London, two thirds of young males between the ages of 18 and 25 are unemployed. That has serious implications for the fabric of society, the breakdown of families and issues such as crime. Those youngsters will not get back into work simply by wishing it; structural measures will have to be in place so that every facet of the welfare-to-work programme—whether it is the employer base, the voluntary sector or the training element—contains justice and equal opportunities for all our young people.

As we approach the millennium, we must all agree that our welfare state needs reforming. However, we can have an effective welfare-to-work system or we can save money; we cannot have both. Occasionally I get the impression that some of my hon. Friends think that welfare to work is an easy way of containing the welfare bill. Genuine welfare to work, as demonstrated in the United States and other countries, costs more in the short term. As the months unfold and we put flesh on the measures in the Budget speech, it is important that we introduce the structural measures to meet the requirements that I have mentioned.

It would be tragic if, having been elected with the biggest majority this century, our only legacy in the area of welfare reform was to put through the cuts in expenditure that the Conservatives never had the courage to implement. I am all for genuine welfare reform, but it is not easy to implement genuine welfare reform and genuine welfare-to-work programmes. I hope that when my hon. Friends in the Treasury put the flesh on the bones of the proposals in the coming months, they will bear my comments in mind.

7.6 pm

Mr. Brian Cotter (Weston–super–Mare): I welcome this opportunity to make my maiden speech in today's important Budget debate and I thank you, Mr. Deputy Speaker, for calling me. I congratulate the hon. Member for Eastwood (Mr. Murphy) on his interesting maiden speech and I can assure him that there are plenty of conveniences in Weston-super-Mare.

I pay tribute to my predecessor, Sir Jerry Wiggin, who represented Weston-super-Mare for 26 years. He was notable for his strong and uncompromising views and his tenacity in representing the constituency for that length of time. I should particularly mention Sir Jerry's long service; I am always ready to rise to a challenge and it will be my aim to reach or even surpass his achievement—God willing.

Weston-super-Mare has enormous charm, and I thoroughly recommend it to my colleagues in the House. It has a mixture of old charm and modern technology. The sea front is almost without modern high-rise buildings—

a rare thing now. It has a pier to rival any other, and many other attractive seaside features. We soon hope to attract even more money from tourists at a new casino—perhaps colleagues might care to have a dabble. A traditional yet forward-looking resort, it is one of the first in the country to get on to the Internet.

Weston-super-Mare is full of small businesses, with hotels, guest houses, a great variety of shops—many small and privately owned—manufacturing companies, distributors, and information technology and engineering firms. That is why I am particularly glad to be the Liberal Democrat small business spokesman, especially as I have a background as managing director of a small manufacturing company.

This Budget should be about strengthening the economy and creating jobs; I should like to plead the cause of small businesses. Small businesses account for nearly 40 per cent. of total United Kingdom turnover and employ 50 per cent. of the total private sector work force. If just one job were created in every small business, it would solve the unemployment problem overnight. I am especially glad to be making my maiden speech on business matters, because the previous Liberal Member of Parliament for Weston-super-Mare, Mr. Frank Murrell, was also in business; in his maiden speech on 30 May 1924, he spoke on industrial councils and about minimising unemployment—a subject still current today.

The small business field has had a tough time and now is the time to revitalise and support it. My colleagues and I warmly welcome the Government's proposed late payment Bill and I shall do all I can to work with the Government to ensure that a sound Bill is passed. That may help to answer the concern expressed earlier about cash flow in small businesses. Another approach we have long argued for is the establishment of regional development agencies—a proposal now in consultation. I am glad that one of the agencies' main aims will be to support the small business sector.

What do small businesses need that the Government or devolved agencies can provide? They need regionally based economic development and investment plans involving local people to provide opportunities for growth. Businesses need a fairer rating system, collected locally and with the receipts used locally. In the past, many attempts have been made to give support to, or establish schemes of various sorts for, small businesses, but, in my experience as a small business man, such schemes have frequently been short term and variable throughout the country. In addition, much money has been wasted by duplication of effort and vast bureaucracies and not enough has reached the intended point of delivery. That is why the whole of the past approach to giving the support and help that businesses need must be re-examined and slimmed down—concentrated, not duplicated. We need to use the best practice, one-stop-shop approach. A serious reassessment of the whole business support system is needed and I hope that the Government will consider doing that.

The Government must now realise that we are at an economic crossroads—a moment of decision when we can either push the economy forward or take a step back. It is not a difficult decision to make. It is now that we must capitalise on our skills and go up-market into high-value-added goods and high-skilled production. That means valuing our businesses, both large and small.

Large firms are shifting from being conglomerate businesses to being slimline enterprises, and small businesses are playing a bigger role as suppliers of specialist services. Small firms represent the bulk of employment in Great Britain, yet we are still failing to give them the structures and support that they need. Part of that support can be achieved by giving businesses stability. We have to reduce the short-termism in Britain's economic cycle. The handing over of some responsibility to the Bank of England is a step in the right direction, but we must also allow local authorities to raise private finance for investment in local communities.

Small businesses require stable and sustainable growth in a low-inflation environment, with an independent bank and a realistic inflation target. Long-term investment in this country's productive capabilities and responsible fiscal management are needed to ensure that that comes about. We can no longer put up with politically motivated tax cuts and the continuation of the boom-bust cycle. However, I welcome the investment help for small businesses announced in the Budget.

The Budget must be about creating stability in our economy and putting more money into things that matter—education and health. Hard decisions may have to be taken, but let us take them—the interests of the people of this country come first. For the sake of our future generations, we cannot squander the opportunity to get our education system back on track and to provide everybody with high-quality care.

However, today's Budget means that, once again, taxes are being raised by the back door. The windfall tax will inevitably hit consumers and pension fund holders; in addition, there is still a likelihood of higher council taxes. With the higher inflation forecast, that is a cause of great concern. We must also be concerned about the raiding of the contingency fund. Nevertheless, many of the intentions in the Budget are good and, with my small business hat on, I welcome the measures taken in that sector today.

7.15 pm

Mrs. Ann Keen (Brentford and Isleworth): Thank you, Mr. Deputy Speaker, for giving me the privilege of making my maiden speech on such a memorable day—the new Labour Government's Budget day. I am indeed honoured. I congratulate the hon. Member for Weston–super–Mare (Mr. Cotter) on most of his comments, especially those relating to small businesses, but I disagree with the latter part of his speech.

I start by thanking all the members of staff who work within the Palace of Westminster. They have welcomed all the new Members and I thank them for their patience, their knowledge and their—at times, much-needed—sense of humour. I congratulate every one of them. My hon. Friend the Member for Crawley (Laura Moffatt) and I are the first two nurses to enter the House of Commons as Members of Parliament, but we are, of course, not the first nurses to enter the Palace. Again, I congratulate my colleagues in the nursing profession who, for many years, have worked in the House of Commons caring for hon. Members.

I thank the people of Brentford and Isleworth for giving me the privilege and honour of representing them in the House. I am proud to have been the Labour candidate for Brentford and Isleworth in the 1987 and 1992 general elections, so it is a great honour that I am now here as the elected Member of Parliament.

[Mrs. Ann Keen]

It is traditional to refer to one's predecessors in one's maiden speech. When I first fought the seat in 1987, the constituency was represented by Sir Barney Hayhoe, now Lord Hayhoe, who represented the constituency for over 20 years and was well respected both in the House and in the constituency. He retired in 1992 and was followed by Nirj Deva. Now, I welcome this opportunity to represent my constituency and I look forward to being in the House for some time.

The constituency of Brentford and Isleworth is a diverse one, both culturally and economically. We celebrate that diversity and, having been the candidate and now the Member of Parliament, I have had the privilege of being welcomed into many cultures. I have much to learn, but I have been welcomed as a member of a family. What is so good about my constituency is that we are all one.

The constituency starts at Hounslow. It contains the great international airport at Heathrow and I look forward to an integrated transport system that will get many of my colleagues out of Heathrow and into our great capital city with far greater ease than has hitherto been the case. It contains the historic town of Isleworth as well as Osterley, Brentford, where I am a resident, and Chiswick. We have many great parks—Syon park, Osterley park, Chiswick house and Gunnersbury park. They are the lungs that supply our air, and fight the pollution from the airport—one cannot have something that makes such good economic sense without suffering some disadvantages, but I hope that the new Labour Government will be looking at that.

Chiswick is, of course, famous for Hogarth, but I am extremely proud of all my constituents—they are all fairly famous. One of them has today reached the quarter finals at Wimbledon—Tim Henman. I know that the House would want me to send our congratulations to him—and, by the way, I am not doing anything in particular next Sunday!

The River Thames, the boat race, the Strand on the Green—these are all good features of the constituency which illustrate its diversity. Many companies have decided to locate their multinational headquarters in what was the golden mile of Brentford. I am fortunate also to have a brewery—my father is proud of me—known as Fuller's brewery. As a good constituency Member, I am obliged to sample the goods to make sure that they are all right for my constituents.

We also have Brentford football club, which should have gone up to the first division in May, but did not quite make it, sad to say. I think the club should be in the Premier League—I am sure that it will be one day.

The West Middlesex University hospital and its staff certainly are in the premier league. Its health workers, and those of the trust, show all the skills and commitment that entitle them to a place in the premier league.

Unfortunately, the hospital building is not so good. I look forward to an announcement soon that a start will be made on rebuilding the hospital. I first worked there in 1985; some of the patients have told me that they would sooner spend the night on a trolley than in one of the wards, which all the experts say are a disgrace.

We need to rebuild our health service. I am proud to represent the community nursing profession in the House and to be able to express my points of view about our great health service, which has taken such a beating over the past 18 years. I congratulate the Chancellor on his announcements today. I am sure that all health workers, patients and families will also congratulate him on an excellent Budget which will open the door to a breath of freedom for all the people of this country.

Health care is not delivered by hospitals, doctors, nurses or paramedic teams: it is delivered by what the Budget provides for. The fact is that health is about poverty, housing, access to transport, and the safety of the working environment. It is also about incomes derived from work. There is no question but that poverty and ill health are linked. The Labour Government in 1979 commissioned the Black report which unfortunately was ignored by the Conservatives for the next 18 years. They refused to acknowledge the links between poverty and ill-health.

My football team did not nearly get to the first division by luck; it nearly got there by investment. Its manager, David Webb, invested in the youth side. Today, our Chancellor is investing in our youth. I welcome the opportunity to go to my constituency tomorrow and see the young people there.

As a district nurse during the past 18 years, I have sometimes felt ashamed when I have gone into people's homes in the winter. There have been times when it has been so cold that I have not even managed to get the car engine hot enough to feel warm in my car, yet I know that when people see me get out of the car they put on their gas heaters. Their houses are still cold when I go in, though, and I have been embarrassed and ashamed to learn that elderly people, who gave my generation everything that we have, have had to live in such conditions. Today marks the start—it is long overdue—of caring for that generation with dignity. These people have told me that they face a choice between eating and heating. "Old and cold" is not just a slogan. We must quickly begin to tackle the problem. We have the highest incidence of hypothermia in Europe, and that must end soon.

There is an air of freedom about everything that we have been doing since 1 May, and I am proud to be part of it. Caring makes economic sense. The first duty of a nurse is to be the patient's advocate. I have always striven to be that, regardless of people's age, race, religion, sexuality or disability. The first duty of a Member of Parliament is to be an advocate for one's constituents; similarly, I intend to be that, regardless of their race, age, religion, sexuality or disability. I look forward to learning much from, and contributing much to, the House of Commons.

7.24 pm

Mr. William Ross (East Londonderry): This has been an interesting day—not just the speech by the Chancellor on the first Labour Budget for 18 years, but four maiden speeches, too. I have enjoyed all of them. Each new Member has shown a commitment not just to constituents but to serving the House.

I came here first in February 1974. I looked around me at the time and wondered how long I would be here for. I am rather surprised to find myself still in possession of a seat in 1997. They seem to keep altering the boundaries in a serious effort to ensure that I always win. In any case, I hope that the maiden speakers will enjoy their time here

as much as I have. It is a wonderful place to be, not just a great honour but a great burden. Anyone who comes here as a Member of Parliament must speak up for constituents and seek their welfare. Each and every one of us came here because we believed in something, and we do not fulfil our role if we do not pursue the belief which brought us here in the first place.

Those who have been here for some time will know exactly what my views are. Whether or not they are popular, they are always enunciated in the House to any hon. Member who cares to listen.

I listened with interest to the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) talking about child care. I was rather surprised that she neglected to draw attention to the 16-hour rule relaxation, and even more surprised that she did not draw attention to the real problems experienced by nursery teachers, whose contracts of employment with schools mean that they are employed only in term time. Many other workers, mainly women, are similarly affected. Once the term is over, they find themselves denied social security benefits.

I understand that the social security commissioners have looked into the matter, and some cases are under consideration at the moment. Although the previous Government were not prepared to deal with the problem, I hope that this Administration will try to reach a resolution that takes into account the needs of these women, many of whom are qualified in child care. When summer comes round, they find themselves turfed out the door and they do not get a penny until school resumes. I hope that the woman Minister whom I see on the Front Bench, the hon. Member for Bristol, South (Dawn Primarolo), will take note of what I have said.

I also listened with considerable interest to the Chancellor's speech. It was interesting and wide ranging, and it was designed to endear him to some of his Back Benchers. I am sure that he will be aware that economics is the dismal science, and that if a Chancellor is popular with his own lot when he sits down, he is almost certain to have done something wrong.

I well recall sitting on this Bench—Ulster Unionist Members do not cross the Floor when Governments change, so we are a permanent fixture on the Opposition side—the last time that the House echoed with cheers after a Chancellor delivered a Budget. I hope that the present Chancellor recalls that. I believe that it was the 1986 or 1987 Budget—that Budget in which income tax was cut by 2p and cohabiting couples were allowed to buy their houses and obtain the full benefit of the tax relief until August. The result was not quite what the cheers suggested on the day.

I hope, therefore, that the present Chancellor keeps a fairly dismal eye on the economy as his policy develops, taking a properly sceptical view of the cheers and doing in time what he feels needs to be done. It would be in the interests of no hon. Member or constituent if the economy went wrong.

I have listened with interest to the debate on the windfall tax—a tax which seems to find so much favour in some quarters. We are told that the windfall tax is a one-off, but it seems to me to be spread over a few years. Therefore, like most taxes, it will have downstream consequences and an ever-growing tail of expenditure, which will cause considerable difficulties for the Chancellor and other Ministers in future years.

I believe that the only honest way to raise tax to tackle a difficult situation is by means of income tax. It is immediate, quick and effective. I am not sure that to grab a windfall tax just because it is handy is the best way to proceed and I fear that, in the long term, it will be proven not to have been a wise way to proceed.

However, I do welcome the policy that the Chancellor set out today on the public sector borrowing requirement. He pointed out a problem that for many years has worried those who take an interest in these matters—that the interest on the public debt is now the enormous sum of £25 billion a year. The idea that we are paying out that money year after year and getting nothing back has always horrified me.

The Chancellor seemed, almost for the first time I think, to hint that he intended so to control expenditure and raise revenues that he would be able to repay national debt, and that the interest charges would eventually disappear. Whether he is doing that just to keep within the Maastricht criteria is of no great importance to me. That debate is under way and is bound to lead to ferocious arguments in the House.

If the Chancellor can do what he is setting out to do—keep inflation low—there is merit in that in itself. We should keep all our financial affairs under firm control because, when those controls are removed, we always find it much easier to open Pandora's box than to get it closed again. In my time in the House, I have been through two major recessions. I do not believe that any hon. Member wants another—I certainly do not.

I confess that I have a very real problem whenever I hear a Chancellor say that he wants to borrow only to invest. I find it difficult to grasp the concept of borrowing or tax revenues being targeted at a particular element, given the global nature of our taxation system, tied in with borrowing and the way in which we spend revenues. The Chancellor will find it very difficult to convince anyone that if he raises £10 billion, £15 billion or £20 billion a year, that money will go into investment, which will pay for itself in a few years. He is going down a road that could lead to inflation, and I hope that he will carefully reconsider the words that he used.

When Budgets were moved from spring to autumn, some hon. Members drew attention to potential problems, and we are interested to note that the wheel has turned full circle. The present Chancellor has done what the Conservatives could not have brought themselves to do—he has admitted that it was a mistake, and we are now returning to a spring Budget. We were not told—I hope that we shall be told at the end of the debate—whether it is intended that there will also be a financial statement in the autumn, so that we may have a full-blown debate in the autumn, as used to be the case. That would give us not one, but two bites of the financial cherry a year, enabling us to hold the Government to account for the way in which they handle the revenues and expenditures of the nation during the year.

Interestingly, this time we shall have two Budgets within a year. In the 1970s, we had two, or even three, Budgets in a year. I hope that the change is not a precursor to returning to that mode of conducting our affairs. One Budget a year is quite sufficient. Although, understandably, this will be a short year, I hope that the Government will restrict themselves to one Budget a year for the remainder of this Parliament.

[Mr. William Ross]

I welcome the expenditure on education, the national health service and housing, but I point out to the Minister that, in the present year's expenditure plans, planned housing expenditure for Northern Ireland—the part of the kingdom which I represent—has received a substantial reduction on last year's figure. Do the Government intend to reverse that trend? Great need exists, especially for the refurbishment and repair of dwellings, and for housing grants for those purposes.

Ulster Unionist Members welcome the help for small businesses on capital investment allowances and we welcome the reduction of VAT on fuel. However, I hope that the Government will examine the other burdens that are carried by retail businesses especially. In this case, I am referring to Northern Ireland, in that we have just had a complete rates revaluation, which is bearing very heavily on many businesses. There is a very short tapering-in period and it is limited to relatively low valuations.

The revaluation is bearing especially heavily on small businesses in town centres, for a variety of reasons. I hope that in future we shall have a longer tapering-in period and that rates revaluations will take place at intervals of five years, not 10 years, as previously. Ten years is far too long an interval.

I hope that valuation officers will remember that the increase in rental values that we are witnessing is very largely due not to the building or its situation, but to the capacity of the people who run the business. We all know of rundown businesses in small towns or villages that have improved when a sharp, capable business man has been brought in to run them. The quality of the shopping improves, but, five or 10 years later, they find themselves clobbered by the rates, whereas less able business men get away with a much smaller increase. That trend should be reversed.

In Northern Ireland, we have car parks controlled by the Department of the Environment. We are told that full-cost recovery is necessary. I have never been able to understand what elements the Department of the Environment was taking into account in calculating the full-cost recovery for the economic return, but there must be a scale laid down somewhere. A car park needs to be built only once and I cannot see why car park charges must increase.

The experience of retailers immediately adjacent to car parks is that even a relatively small increase in car parking charges can have an immense effect on those retailers' turnover because, within a week, people move to shopping centres outside towns. Very often, those customers do not return for a long time.

I hope that the Government will consider that problem, because we want to keep the commercial centres of many small towns, villages and, indeed, the larger towns in Northern Ireland as vibrant and thriving as they currently are. I have travelled through many towns in England, Wales and Scotland, and I know that, where there are out-of-town shopping malls, the town centre dies and the entire trade of the area passes into the hands of national multiples, which drain money away from the local area in large quantities. We want to preserve small local businesses and create an environment in which they can not only compete but grow and create real competition for the multiples.

My next point is more national in character. The Chancellor seems to be trying to increase the sum available for research and development, and for investment. I welcome the reduction in the tax burden in terms of investment, but there is another aspect of industrial regeneration—research and development in aerospace, defence and many other areas—where we invest insufficient money compared with our competitors in Europe, the far east and north America. We must act urgently to encourage our manufacturing base, especially those firms at the leading edges of technology, to invest more money in research and development.

Given the long lead times from when research and development take place until a product is sold, not only in this nation but across the world—it can take 10 or 15 years—people need tremendous encouragement if they are to invest so far ahead. The Government must keep a close eye on the matter so that the money apparently earmarked for research and development is not filched away and then given to shareholders under some pretext a year or two later. We must find a way to ensure that research and development becomes so acceptable to our major manufacturing industries that they go ahead and spend money on it. That is where the jobs will be created—not immediately, but for boys and girls who are now in their teens or at primary school. If they are to have high incomes and if this country is to have wealth-creating industries, we must look at that aspect of industrial regeneration.

There is supposed to be a two-way street with the United States in defence procurement. It might be a two-way street, but so far as I can see, five lanes seem to come from America while only half a lane goes there from the United Kingdom. The Government should exert a little more pressure to ensure that at least two lanes go back across the Atlantic so that we benefit from that.

The Chancellor spoke about the environment. In the current year, environmental services in Northern Ireland are booked for a 13.6 per cent. reduction. We shall not improve the environment by chopping off the money invested in it at that level; the Government should look at that matter again carefully.

I wish to register with the Government not only my deep concern about, but my absolute opposition to, what is happening to fuel prices. Those who live in or adjacent to large urban conurbations have alternatives to the private car, whereas those who live in Northern Ireland, Wales, Scotland or the west country have no alternative. In those areas, a car is not a luxury; it is an absolute essential. It is essential not only for the man of the house to reach his work but for the wife, mother and other people living in the dwelling so that they can get out, because they are often miles from anywhere.

I live a mile from my nearest village and we rarely walk there. Nowadays, few people walk that far to do their shopping, let alone carry it home; they use a car. A car is essential. People who live on the outskirts of London can hop on the underground or train and be in the west end in half an hour; shopping is much easier. The Government are far too willing to behave as though the whole country were urban and to close their eyes to the real dangers and problems of people in rural areas.

Mr. John Hayes (South Holland and The Deepings): Does the hon. Gentleman agree that, before the car,

people in those types of communities were restricted to their communities? To increase the cost of car travel for people in rural areas would limit people to travelling only short distances to hamlets and villages, which would be sad. Today was a bad step in that direction.

Mr. Ross: Moreover, the shopping facilities enjoyed by the pre-car population no longer exist. They have disappeared as a result of the car, so this is a two-edged sword to some extent. People now want choice and they must go to large towns to get it.

I am also deeply concerned about the effect of steadily increasing taxes on tobacco. I do not smoke—thank God. Last year, Customs and Excise admitted—the Chancellor gave a similar figure today—a loss of some £560 million in tobacco tax due to smuggling and cross-border shopping. In the Budget debate earlier this year, Northern Ireland Members drew attention to the fact that hand-rolling tobacco can leave Gallaher's factory in Ballymena in Northern Ireland, go to the continent and, within two weeks, be sold on stalls in Northern Ireland for little or nothing. That happens to many other tobacco products, too. The Tobacco Alliance believes that the lost revenue is not less than £600 million but nearer £1.6 billion a year.

Raising taxes on tobacco can be counterproductive. I wonder whether we are trying to raise money from tobacco for the Exchequer or whether we are raising taxes, as some would allege, for health purposes. I should be happy if nobody smoked because it is a dangerous occupation. We know that it causes lung cancer and all sorts of problems, but it is legal and people do it. If we want to reduce smoking on health grounds, we should try other ways of doing it rather than constantly raising revenue from tobacco, which simply proves counterproductive.

We must also consider whether the concept of green taxes—taxing petrol, for example—is counterproductive. We now have a tax on the dumping of waste. Northern Ireland has a problem with certain types of waste. We have no facility to treat it because there is not enough of it, so it is not economical and must be shifted out of the country to be treated and recycled. Taxes raise the cost of doing that enormously and put an inordinate burden on certain industries in Northern Ireland. I therefore hope that the Government will look carefully at that matter.

Northern Ireland has another problem because it has a land frontier. The Chancellor said that he was looking at the environmental implications of quarrying, the extraction industries and the pollution of water supplies. If we start to pile more burdens on that large industry in Northern Ireland, it will close down and move across the frontier where there is no environmental tax. A whole industry and the manufacturing capacity in building products will be wrecked as a result.

Before the Chancellor goes too far down that road, will he look at the implications for the Province of an environmental tax? People in England will not face that problem—they will have to carry the burden—but folk in Northern Ireland will avoid it and, given the common market, nothing can be done about it.

The Chancellor also touched on the conversion of building societies. I understand that that means an injection into the economy this year of some £35 billion. I have often wondered what the effect of the repayment of public debt was the last time that we got round to it, when quite large sums were repaid. Some was repaid to people overseas and some into our own economy. When I ask economists in the House what effect that has, they simply look blank and say, "I don't know, Willie." May I ask the Minister whether the Treasury knows what the effect was. Has the effect of that input of money into the economy finally been determined? Did it lead to inflation? Was it part of the problems that we encountered in the late 1980s and early 1990s, or did it have no effect whatever? Was that money invested elsewhere?

What will be the effect of the injection into the economy of the present windfall from building societies? It is not going into the pockets of a few people or into a few companies. It is going into the pockets of millions of people, many of whom will go out and spend it, so we can expect a rise in retail sales. Given the present state of the economy, those will be sales of imported goods, so we could be adding to our problems, unless the Government find some way of making it attractive for people to keep that money in savings.

Today, we saw the first instalment of the Chancellor's programme—a programme which I think will be comprehensive and far reaching. No doubt some aspects of it will have merit and, as with all Chancellors, other aspects will go horribly wrong. Some measures may be based not on the sound principles of financial prudence that he expressed today, but on other, more political considerations, and something will go wrong. As there is so much to come, we shall have to wait until his spring Budget to find out the Chancellor's final conclusion after his assessment of the financial state of the country, and where he wants to go.

Having handed to the Bank of England control over such a large part of our financial affairs, will the Chancellor be able to do what he desires to do? I think that the Bank of England does as the Bundesbank does, and that getting ourselves into that position is neither wise nor far-sighted. It will bring us grief. We should have learnt from the past that, whenever the crunch came, the central German bank did what the German Government said.

There must be a political input into national finance. Ultimately, the Government must face the electorate, as the previous Government did and lost. Some day, the present Government will have to do so. It is up to politicians—to the Government—to take political decisions as to what is best for the nation's economy and its people.

By handing control to the Bank of England, we have handed it to what might be described as a peculiar quango, which is not responsible to the electorate. I deplore that and I believe that we will live to regret it.

I wonder whether, at the end of the day, the Chancellor's figures will add up.

I said at the beginning of my remarks that Chancellors should expect to be unpopular. I hope that when this Chancellor becomes unpopular, he is unpopular for the right reasons, but I am always a sceptic on these matters.

7.52 pm

Mr. Martin O'Neill (Ochil): I begin by putting on record my appreciation of the speech of the Chancellor of the Exchequer, my right hon. Friend the Member for Dunfermline, East (Mr. Brown).

[Mr. Martin O'Neill]

I remember that, when I entered the House, one of the defining moments was the speech by the then Chancellor, now Lord Howe, in his first Budget in 1979. Some of us were filled with optimism and enthusiasm. We had won seats from political opponents, and the realisation that the Labour Government had been defeated had not yet sunk in. In the space of a few short paragraphs, Lord Howe cut income tax, raised VAT and put interest rates through the roof.

I remember the sharp intake of breath in the Chamber that afternoon. We realised that power had shifted. Those of us who had not been on the other side of the House—we knew the significance, but we had not physically shifted over to the Opposition Benches—got an idea that things were on the move.

I should like to think that the Chancellor's speech today will have had a similar impact on Conservative Members. It has given great encouragement to us, which was evidenced by at least two of the maiden speeches tonight—the speeches of my hon. Friends the Members for Eastwood (Mr. Murphy) and for Brentford and Isleworth (Mrs. Keen).

My hon. Friend the Member for Eastwood, a new Scots Member, took us round his constituency and made a good, comprehensive contribution, although he omitted the other famous national drink that emanates from his constituency. He concentrated on a process a little further down the line—the toilet facilities provided by Shanks. My hon. Friend the Member for Brentford and Isleworth made a first-class speech. I hope that she will not mind my saying that she is an old hand. Many of us had been hoping since 1987 that she would get into the House. We are delighted that she is here, and we know the contributions that she has made elsewhere. I know that, from both those colleagues, there will be telling contributions in the future.

From the other side of the House, we heard contributions from the hon. Members for Witney (Mr. Woodward) and for Weston-super-Mare (Mr. Cotter). I wish them well in their endeavours. The hon. Member for Witney may find that in subsequent debates there is a 10-minutes rule and he will be constrained in the length of his speech.

I shall not detain the House unduly with such pleasantries, important as they are. I return to the boldness of the Chancellor's speech. Despite what has been said about what was or was not promised in the election campaign, no one can doubt that the windfall profits tax was to be one of the core elements in Labour's strategy. It is clear that there is no public support, political will or financial resources to return to public ownership any of the privatised utilities or companies. That is not an issue.

We have seen the movement from public ownership to privatisation to regulation and, in the case of the energy utilities, we shall see before long the process of liberalisation. In the early stages of the post-privatisation period, there was a degree of laxity on the part of the regulatory bodies in handling the prices charged by the companies and other aspects of their activity.

It is not a worthwhile exercise to try to ascribe motives to individuals. Suffice it to say that the utilities were sold too cheaply and regulated too lightly and, although the capital gains that arose from their flotation were taxed, they were never properly dealt with. In the case of the energy utilities, the profits came as much from world market conditions and fairly obvious cost cutting as from management expertise, and led to the share options scandals and the fat cat syndrome. That, in turn, led to the windfall profits tax and attempts to disparage the tax on the grounds that it was the politics of envy.

In the previous Parliament, I was fortunate enough to chair the Select Committee on Trade and Industry. My colleagues and I investigated the regulation of energy utilities. Thanks to the herculean efforts of the Clerk and her staff and our superb advisers, we were able to squeeze out a report in the dying days of the Parliament, just before the election. We did not have an opportunity to debate the report, but, had we had that chance, it would have informed the discussion about the character of windfall profits taxes.

The report did not take upon itself the task of advocating a windfall profits tax. It was a unanimous report. The Committee consisted of six Conservative and five Labour members. The report showed clearly the extent of the excess capital gains and returns on investment enjoyed by shareholders, against the comparatively small cuts in electricity and gas bills over the same period. The figures given by the Department of Trade and Industry to the Select Committee showed that, between the fourth quarter of 1986 and the first quarter of 1996, average domestic prices for electricity fell by 1 per cent., and by 8.5 per cent. on a value added tax exclusive basis. Over the same period, gas prices fell by 25 per cent. At the same time, however, shareholders, before tax and year on year, were enjoying an 11 per cent. increase in their income. I am speaking of British Gas shareholdings.

Regional electricity shareholders were seeing a before-tax return of between 32 and 46 per cent. per annum over five to six years. The figures were slightly different for the Scottish and Irish companies because they were privatised at a higher price than the other electricity companies and were subject to a different basis of price regulation. In simple terms, it was the cost of living minus the X factor rather than the cost of living plus that factor that was the core of the utilities' problem in England and Wales.

It is correct that due account should be given to differing circumstances. There are complications when considering the position of Scottish Power, for example, because it is now a multi-utility. The three elements that make up the company have all been subject to different forms of regulation. I am sure, however, that my hon. Friend the Paymaster General is more than up to the task that faces him. The figures for dividend yield and capital gain have been of the order of those to which I have already referred. If anyone wants to look them up, I suggest that he or she reads pages 63 to 67 of the report of the Select Committee on Trade and Industry.

There are those who argue that all that I have said is irrelevant because many of the companies are under new owners. I have taken the trouble to talk to some of the predominantly north American owners of the companies. It might well be put to them that the companies were purchased in the knowledge that there was more than a chance of a change of Government, and that the Labour party had flagged up repeatedly that there was to be a windfall profits tax. How would the directors go to their annual general meetings, having to say, "I am sorry but

our profits from our UK operation are not as high as we would have hoped because, out of the blue, there has come a windfall profits tax"?

I spoke to senior managers and directors of those American utilities. They gave me an old-fashioned look and said, "We have made provision for this." They made provision in the financial structuring of the company or they discounted the price when they purchased the company in the first place.

I am aware that, in this morning's press, consideration has been given to the tactics adopted by Southern Electricity, which has been one of the most prominent opponents of the windfall profits tax. Before the election, it was talking at one stage about raising legal actions on such a tax. We have heard no more about taking the matter to the courts. I presume that Southern Electricity has been given additional legal advice to the effect that it would not be worth spending too much money on such actions. At the same time, however, the cupboards were stripped bare. There was a process of asset stripping.

Concern arose over the regulation of electricity companies when Northern Electric was to be taken over by Trafalgar House, a British firm. It appeared that £500 million was found out of nowhere to provide a fighting fund to withstand the predatory approaches of Trafalgar House. Another company was able to clean out £470 million from the accounts and shift it elsewhere.

Those companies will complain, or moan. They would not be doing their job if they did not take that approach. When it comes to increasing prices, however, a company that is regulated and operating under a licence granted by a regulator and approved by the Monopolies and Merger Commission—I am talking of increasing prices for reasons that go beyond the licence—has first to approach the regulator to convince him or her of the need for a change. The regulator then has to pass the matter to the MMC for its consideration and approval.

Before the application, as it were, can go to the MMC, it must go to the Secretary of State of the appropriate Department. At that stage in the process, I cannot envisage a Labour Secretary of State not vetoing any further movement on the renewal or review of the licence in between terms. Even at the end of the period covered by the licence, I cannot see that regulated companies would be able to make their consumers pay. The new licence that would be sought in the new round would not, I think, be acceptable to the regulator or to the MMC.

Those who talk about the consumer paying are not sufficiently aware or they are being wilfully dishonest. My right hon. Friend the Chancellor of the Exchequer referred in passing to the regulators, but it was clearly stated in evidence that my Select Committee took from regulators that the companies had the ability to make consumers pay again. It must not be forgotten that the purpose of the windfall profits tax is to take account of the fact that the people paid too much in the first place. The companies are sufficiently cash rich to deal with a windfall profits tax and I do not think that there will be a problem.

The exciting feature of the tax is that it will give us the opportunity of introducing the welfare-to-work programme, which is central to the Government's ambitions. When sitting on the Opposition Benches, my right hon. and hon. Friends became impatient in the knowledge that large sections of our communities were languishing on the dole for long periods in the absence of pump-priming facilities to get people back into employment. It was the greatest frustration that we experienced in our period of opposition. That is why we place such great importance on the Budget. It is a defining moment in our political lives. My right hon. Friend the Chancellor of the Exchequer has identified the means and the objectives to achieve a reduction in unemployment and so to eliminate people from that disease.

I think that it was the hon. Member for Witney who talked about 1.5 per cent. unemployment in his constituency. There are villages in my constituency where unemployment is in excess of 40 per cent., where virtually no young people have ever worked for an employer in their lives. I am speaking of men of 22 and 23. I say to them, "Are you interested in better dole money, better social security or a job?" They say, "We are sick and tired with social security. We want a job."

The tragedy of many of our people has been that as George Bernard Shaw once said, if we do not get what we like, we come to like what we get. There are far too many people whose ambitions are too low, along with their expectations. They are resigned to lives that are not anything like those that they should be enjoying in a civilised society.

Against that background, my colleagues and I see today's Budget statement as a watershed in British politics. We see not a return to the 1970s, the halcyon days of a previous Labour Government, but a means of breaking through and moving forward to a new frontier within which we shall have a strong economy and high levels of employment that will be sustained for decades ahead. That is the test that my right hon. Friend the Chancellor of the Exchequer has set himself. It is the test which the Government must pass. Given the start that has been made today, I am confident that we shall go a long way to achieving our objectives in making the United Kingdom a better, more civilised and happier country than it has been for a long time.

8.9 pm

Mr. David Prior (North Norfolk): Thank you very much, Mr. Deputy Speaker, for calling me to make my maiden speech this evening. There is an old adage that the opposite of talking is not listening, but waiting. I hope that the hon. Member for Ochil (Mr. O'Neill) will excuse me, on this occasion, for not having listened to his speech as carefully as I might otherwise have done. This Chamber has a great reputation for honesty, but I hope that no one will object when I go home to my constituents and say that I addressed a packed and noisy Chamber this evening.

I have the great privilege to represent North Norfolk. I am grateful for the fact that the ex-chairman of the North Norfolk Conservative Association, my hon. Friend the Member for Cotswold (Mr. Clifton–Brown), is here tonight at my side. For the past 27 years, my constituency has been represented by Sir Ralph Howell, who was well known for the care that he lavished on his constituents. Ministers knew that he was the sort of man who, when he wrote letters to them, would never give up. He was the scourge of Ministers, local government officials and bureaucrats at all levels.

Sir Ralph had two great passions. First, he was a passionate believer in the European Union. When he was a young man, the first time that he saw continental Europe

[Mr. David Prior]

was when he looked down on Germany through the bomb sight of a Wellington bomber. That experience made him believe that a strong European Union was vital for peace in Europe.

Sir Ralph's second abiding passion was his belief and faith in workfare. He would have been pleased to have heard some of the welfare-to-work proposals in the Budget statement. I was very much struck when the hon. Member for Ochil spoke about long-term unemployment. It was the waste and misery surrounding that which drove Sir Ralph towards workfare. I share his views about the awful waste of long-term unemployment, having seen it in much of England, Scotland and Wales when I worked for British Steel. I do not believe that welfare to work, based on Government subsidy, is the right way to cure the problem, but I share the deep concern of the hon. Member for Ochil about the tragedy of unemployment for so many people. Sir Ralph was a man of great conviction and principle and I am proud to follow in his footsteps.

When making one's maiden speech, it is tradition to refer to one's constituency. I am afraid that I shall disappoint the House and continue with that tradition, so I ask hon. Members to bear with me for a while. Agriculture remains one of the most important industries in North Norfolk. The Cokes and the Townshends, whose families were the foundation of the agricultural revolution in the 18th century, still hold land and farm in North Norfolk. A strong, profitable and competitive agriculture industry is vital to the interests of North Norfolk.

My county is still very rural. I agree with my hon. Friend the Member for Witney (Mr. Woodward) about field sports. They are a vital freedom, a tradition and a way of life in North Norfolk and our countryside would be much the poorer without them.

North Norfolk still has a local shellfish industry. The Cromer crab has a reputation that extends way beyond Norfolk. Our history of shellfish fishing shows that the best regulators are the generations of fishing families who have caught shellfish off the coast, not distant bureaucrats in Whitehall or Brussels.

Probably the most difficult issue in North Norfolk—and, indeed, in most rural areas—is the balance between keeping Norfolk special and the requirements of development. Because of the development of out-of-town supermarkets, the hearts of towns such as Fakenham and Cromer have disappeared. There has been a demise in village shops and local amenities. There is constant conflict between the need for a strong tourist industry and the pressure on the Norfolk broads and the coast. I believe strongly in the need to provide decent, affordable housing and public transport for local people, but I realise the real pressures of housing on the countryside.

Small businesses are the mainstay of employment in North Norfolk. I was disappointed to hear no reference in the Budget statement to improving the uniform business rate as it applies to small businesses. There is no doubt that it is skewed too much against small, usually retail, businesses. Some of it should be switched back to larger businesses.

North Norfolk has an elderly population. Many people have worked hard all their lives and, although they do not have great savings, they have enough to prevent them from getting any help from the state. Those people are especially vulnerable and they will not welcome the news today that their pensions will be adversely affected by the abolition of the tax credit on dividends paid to pension funds. Neither will many of them be pleased to hear that they will no longer get tax relief on the premiums paid for private health insurance.

We have a very special hospital at Kelling. It is a community hospital, not a big hospital, and many of its patients are old people. I serve notice on the Secretary of State for Health that Kelling is special and that everyone in North Norfolk will fight to keep it alive.

I have spent the past 20 years working in manufacturing, mainly for British Steel. I have seen a fantastic impact on competitiveness and efficiency over the past 20 years. It has come about through deregulation, tax reduction, vastly improved industrial relations, privatisation and much less government.

My father, Jim Prior, made his maiden speech in this House in 1959, when the Japanese were about to open their first transistor radio factory in Ireland. He said then that, as a farmer, he would never again buy any Irish bullocks if the Japanese were allowed to open a factory in Ireland. Things have changed a great deal since 1959. We now live in a global economy with unrestricted capital movements and widely dispersed technology and skills. The general agreement on tariffs and trade has reduced many of our trade barriers.

My right hon. Friend the Leader of the Opposition earlier quoted from a report by the World Economic Forum. He must have had pre-knowledge of my speech. The report said:

"what we see in the United Kingdom is an economy reborn and the sweeping privatisation, deregulation and other structural reforms have made us well poised to compete in a global economy."

That success has been recognised by companies around the world. There has been more foreign direct investment in Britain since 1979 than Germany received in Marshall aid after the war, in real terms. It is against that background that we must look at today's Budget.

The Budget contains three illusions. The first is that the windfall tax and the abolition of the advance corporation tax credit have no victims. Both have victims. The windfall tax will erode the investment potential of those on whom it is levied. The abolition of the ACT credit will hit pensioners.

The second illusion is that Government can create jobs. In fact, only competitive and strong companies and businesses can create jobs. Jobs built on short-term subsidies will have no security.

The third and last illusion is that the Government believe in the long term. They cannot and will not stop meddling in the short term. Surely one of the lessons of the past 20 years is that it is best for Governments to keep out of business as much as possible.

The Budget, combined with the Government's views on the minimum wage and the social chapter, marks a watershed. I pray that it will not bring to an end all the improvements that we have achieved in the past 20 years.

8.19 pm

Mr. Barry Jones (Alyn and Deeside): I congratulate the hon. Member for North Norfolk (Mr. Prior) on his maiden speech, which was made in the relaxed, generous and genial style of his father, Lord Prior, whom

I remember as a notable Minister of Agriculture, Fisheries and Food and Secretary of State for Northern Ireland. Lord Prior was a much liked House of Commons man, so if the hon. Gentleman does half as well as his father he will do very well indeed.

I also congratulate my hon. Friend the Member for Brentford and Isleworth (Mrs. Keen) on her maiden speech, which went very well. She was once my constituent and her mother still is. Her late father, who was my friend, would have been proud of her. She will be a fine Member of Parliament for her constituency.

With the Budget in mind, I should point out that between 1979 and 1981 about 2.5 million manufacturing jobs disappeared from the British economy. During that time we had a terrible trio of principals: Mrs. Thatcher was the Prime Minister, Geoffrey Howe was the Chancellor and the Secretary of State for Trade and Industry was Sir Keith Joseph. In so short a time, that trio destroyed more jobs than Adolf Hitler could have dreamt of destroying, and it led to huge and enduring unemployment queues. Thereafter, we became a divided society.

In less than one hour, the new Labour Chancellor delivered an historic reforming Budget. He was convinced of the need to relate his statistical detail to the flesh and blood of ordinary and underprivileged people. I thought that it was an innovative and compassionate Budget. The Chancellor has kept our party's promises, honoured our manifesto and not abused the mandate that the Labour party received from the electorate at the general election on 1 May. I also noted the cool authority with which he delivered that reformist Budget.

The Chancellor wants to equip the nation for the future and to rebuild the welfare state. It is the first Budget in 18 long years that seeks both economic efficiency and social justice. It will end abuses and loopholes. It is good that the Chancellor is taking a strategic view of our manufacturing capacity. He proposes to end the spending of huge sums of money on the few, and offers skill-less and workless under 24-year-olds a new deal. He has a highly planned scheme to tackle long-term unemployment, and lone parents and the disabled are not forgotten. My constituents will benefit from those measures.

From what I have seen and heard today, I can sum the Budget up as moral, practical and honourable. I judge that it will improve the fabric of our communities. I hope that it begins soon to help to heal the divisions and wounds that are so self-evident in British society. The Chancellor is to be commended on a Budget that will prepare our nation for tough, international competition in the next century.

There are more than 1 million fewer jobs in Britain than there were in 1990, one in five families have no one working, and 1 million single mothers are trapped on benefits. The gap between rich and poor is wider now than it has been for generations. Those facts—those human details that to me are grim realities—set this remarkable Budget in a serious context.

The Budget seeks social justice and maps out a strategic high road for our national recovery. I judge it to be a Budget which takes a sophisticated look at the means of achieving the much needed recovery of our former national industrial greatness. That is what I hope will be the consequence of today's Budget.

I am glad that the Government will get a quarter of a million under 25-year-olds off benefit and into work by using money from a windfall levy on the privatised utilities. It is clear to me that this Chancellor and this Government are determined not to continue down the road of a permanent have-not class of unemployed and disaffected people. My constituency can only benefit from the proposals that have been outlined today.

I admire the Chancellor's long-term objective of high and stable levels of employment: it has shades of Mr. Attlee's programme in 1945-50. The best way to tackle poverty is to help people into jobs. Unemployed citizens have a responsibility to take up training places or work, but they must be real job opportunities. In past years, we have had some disgraceful schemes that have led to cynicism among the young and their parents.

The Chancellor's welfare-to-work programme will attack unemployment and break the spiral of escalating spending on social security. The scheme cannot work without partnership between government and business. Partnership will best tackle the shame of long-term unemployment.

I like the positive approach to proper qualifications by 2000 for every 17 and 18-year-old. Many people in that age group have missed out. It is a forgotten army, a mighty army, a youthful army, and an army without any purpose as of now. Perhaps our colleges of further education could be centres for the operation of this programme: they could share in the challenge. Deeside college of further education is a good college and it seeks to play a role in making welfare to work a success.

I shall briefly describe the problem that we are tackling. My constituency contains large social housing estates which are the seat of intractable problems of unemployment and decay. I do not believe that my constituency is unique, because every city has a near permanent have-not class of unemployed. It cannot be right for young people under 24 years of age to remain unemployed. At last, the Government are initiating measures to tackle the problem.

If we hate and fear the growth of violence and other criminal activity in our constituencies, we should welcome the welfare-to-work Budget. Given the drug abuse, graffiti, constant harassment of families, vandalism, car crime, squalor, ugliness, disrepair and dereliction, the welfare-to-work Budget is a big step in the right direction. It just has to be. So far, nothing has been done and if we leave the problems alone, British society will face even graver problems in the near future. In the same way, the plan to release in Wales the sales receipts of municipal housing has to be good in so far as it will improve housing and generate wealth.

If a British Government do not tackle the problems, if we fail, if the have-nots remain rooted in their evident despair and continued separateness, the future for British society will be bleak. A divided, ill-educated Britain will not be able to renew her industries and cope with the growing cut-throat international competition. Without social justice and a successful welfare-to-work programme, without a clear national strategic industrial policy, our society will be ripped apart by division, resentment and envy. That might be our fate.

The windfall tax has been criticised today by the Leader of the Opposition. My right hon. Friend the Chancellor's plans for the windfall tax have been criticised for their

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ruthlessness. I welcome the tax and its ruthlessness because it will give hope and dignity to tens of thousands of alienated young people in Britain today.

8.31 pm

Mr. Geoffrey Clifton–Brown (Cotswold): It is a great privilege to have been here this evening to hear five such excellent maiden speeches. It was a particular privilege to hear the speech made by my neighbour, my hon. Friend the Member for Witney (Mr. Woodward), from whom I am sure we shall hear many excellent speeches in the future. I was also particularly pleased to be here for the maiden speech of my hon. Friend the Member for North Norfolk (Mr. Prior). He represents a constituency I know well, having been constituency chairman of his excellent association for five years. I completely agree with his comments on his forebear, Ralph Howell, who I am sure would have been pleased to hear my hon. Friend's maiden speech this evening.

This is a Budget like the house of mirrors—what we see on first impression is the obverse of the reality. It is also premature and unnecessary. I was surprised not to hear anything today about the biggest technical revolution in the way we present public finances, which is about to occur in the next two years: the change from cash accounting to an accruals basis of accounting. That will be an extremely important change and it will, among other things, involve individual Departments' producing their individual accounts, including valuations of their assets, so we will begin to see the total assets that are used by the Government and whether they are used effectively.

The Chancellor was able to present such a glowing picture this afternoon because of the superb economic situation that he inherited. The combined picture of growth, inflation and interest rates and unemployment is probably the most favourable that Britain has seen since the second world war. It is a tribute to my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) that he has presided over such a successful economic phase in this country. His particular success has been his judgment in setting the base rate. He has been able consistently to set a rate which keeps inflation at the target level. For that, a great tribute must be paid to him.

If we have a Chancellor who can exercise that judgment, it is much better left in the hands of the Chancellor and the Treasury than in the hands of an independent panel comprising the Governor of the Bank of England and other experts. On the other hand, if we have a Chancellor who is not sure of his judgment, the decision will be handed over to the Bank and an independent panel of experts.

Another reason for today's glowing economic situation is the fact that the incoming Government have been able to rely on probably one of the tightest two-yearly rounds of public expenditure since the second world war. Tribute must be paid to the previous Member for Bristol, West, Mr. Waldegrave, and his intellectual rigour in controlling each Department's expenditure. This is a fiscal tightening Budget, which is probably correct in the current situation. It overcomes the problems that have begun to emerge of broad money expanding too fast, interest rates having to be put up, too strong a pound and the danger to our balance of payments thereby. This is probably the right sort of level of fiscal tightening and it will be marginally reduced next year.

However, I am much less happy with the reduction in reserves of some £2.2 billion. Whereas the previous Conservative Government managed to put an extra £1.6 billion into the schools budget without raiding reserves, the present Chancellor has been able to put in only £1.3 billion while running down the reserves, which is not particularly satisfactory.

The Chancellor referred to reducing the trend rate of growth to nearer 2.4 per cent. because, as I say, the economy shows some signs of overheating. The critical factor in that reduction will be the rate of inflation. It was a retrograde step to allow the Bank of England to set the rate of inflation to plus or minus 1 per cent. above or below the Government target rate of 2.5 per cent., which shows that the Chancellor is prepared to see the inflation rate slip up to 3.5 per cent.

The Red Book predicts growth of 3.25 per cent. in 1997 and 2.5 per cent. in 1998, with inflation at 2.5 per cent. and 2.75 per cent. in those two years. That is an excellent picture because on only two occasions since the war has growth outstripped inflation, one of which was last year. If the Chancellor manages to achieve that target this year, that will be very satisfactory. That tends to be the trend in the major industrialised nations, as shown in table 3A.1 in the Red Book.

I was also particularly pleased to see in the Red Book that the rate of debt is coming down. It is predicted to come down as a percentage of gross domestic product from 53.75 to 53 per cent. next year and 51.5 per cent. the year after. That is particularly welcome because, as the hon. Member for East Londonderry (Mr. Ross) said, we pay £25 billion a year to service that debt. That is a huge on-cost which we would do well to try to reduce in the longer term.

I am not particularly in favour of the windfall tax because it is a one-off tax and once the utilities have been taxed they cannot be taxed again. On the other hand, I am pleased with the welfare-to-work programme that the Chancellor endorsed today. As my hon. Friend the Member for North Norfolk said, it is, in essence, a form of workfare, which I have long championed. If the public purse is paying people, particularly youngsters, a benefit because they are unable to work, society should be able to request them to participate in some social scheme, education or community work. It is high time that we came round to that way of thinking.

The real betrayal of all betrayals in the Red Book is in table 4.9, which shows us that the Chancellor predicts that, over the lifetime of this Parliament, unemployment will remain at 2 million. That is a shocking admission, because throughout the five years of the previous Parliament we were constantly criticised by the Labour party for tolerating that level of unemployment. The prediction is a disgrace and if the Labour party cannot get unemployment down, they ought to resign and let us have another general election.

The trend rate of growth depends critically on three factors—on trends in the labour force and on levels of unemployment and productivity. I have already referred to the rate of unemployment and I am pleased to see that productivity and investment are likely to grow. In that respect, I pay tribute to the Chancellor for having reduced the rates of corporation tax for both larger and smaller firms.

That was a great surprise to me, because it was one of the great successes of the previous Administration that we managed to reduce the rate of corporation tax so much. That is especially important in today's fast-changing world. Large multinational corporations can shift great chunks of capital and even their corporate headquarters or their research and development around the world at short notice.

By keeping corporation tax at what is—as the Chancellor said—the lowest level in the G7, we shall retain such world-beating companies as Glaxo, which has both its research and development and its corporate headquarters in this country. The substantial amount of corporation tax that that company pays will therefore keep coming into the United Kingdom Treasury, and I pay tribute to the Chancellor for that shrewd move.

I also welcome the measures affecting capital allowances for small businesses. It is helpful to have a short-term boost for capital allowances and that will help to increase our investment.

However, I criticise the Chancellor for his failure to contemplate any changes in the uniform business rate. Many small businesses, especially in rural areas such as my constituency, are suffering because the rate is too high.

I visited many post offices, village shops and other, similar, small businesses during the election campaign. Their proprietors were pleased to see our proposals for reducing the uniform business rate valuation by £1,000. I urge the Labour Government to consider that idea for a future Budget. It would be most welcome and it would not be hugely expensive.

I welcome the environmental measures in the Budget, although I do not think that they are imaginative enough or go anything like far enough. One subject on which the Chancellor has listened to the environmentalists is improving the insulation of houses for the lower paid through the home energy efficiency scheme. I know that the previous Government were constantly asked to do that and I am glad that it has now happened.

I must tell the Labour party, however, that if we are to meet our international environmental targets, especially the reductions in CO_2 levels, we shall have to go much further with the type of environmental and fiscal measures that have been so successful in the past. One example is the conversion to unleaded petrol. Ten years ago, unleaded petrol accounted for about 10 per cent. of the market; now, it represents about 90 per cent. Through fiscal incentives, we can do a huge amount of good for the environment.

None the less, I echo the comments made by various hon. Members to the effect that we cannot go on taxing the car out of existence, especially for poorer people in rural areas, for whom the car is a lifeline. They often live in isolated areas, or in villages without a shop or a reasonably regular bus service. If they are to have any standard of living at all, they must rely on the motor car.

I caution the Government about going too far towards taxing the car out of existence, but of course we shall have to find ways to reduce the rate of growth in the number of cars in the nation.

I was unhappy to realise that there was little really new thinking in the Budget. Given that a new Government have won an election with a big mandate, I thought that we might see some really imaginative thinking, such as the reform of capital gains tax.

Speaking on the previous Conservative Budget, I advocated different rates for short and long-term capital gains. It seems to me that if people hold a gain on an asset for more than five years, they should pay a rate of capital gains tax lower than their marginal tax rate. That is only reasonable. As things are, many people are locked in to long-term gains, which does not benefit their business or their savings. Some good research has been carried out in America on this subject, showing that the business increase by a fiscal reform of this kind over five years is almost neutral. I urge the Government seriously to consider that.

I add a note of caution to the middle classes who, by and large, have not been hit today. I do not think that they have seen anything yet. They will find in future Budgets that there will be increases in national insurance and in the marginal rates of income tax and that there will be reform of inheritance tax to make it more like the old capital transfer tax by abolishing the seven-year rules—the so-called potentially exempt transfers. It did not happen today, but the Government will introduce these measures next year or the year after.

This Budget was unnecessary and it will not help jobs, growth or savings. It points the way to increases in interest rates—which will have a disastrous effect on an already too high pound and our balance of payments—and to higher inflation and personal taxes. Economic growth will decline over the next five years and the Budget will reverse all the economic gains that we have made so painstakingly in the past five. Each time after a socialist Government have been in office, a Conservative Government have come in and taken over an economic mess. I hope that we will not be doing the same thing in five years' time.

8.45 pm

Mr. Ken Livingstone (Brent, East): I hope that the five hon. Members who made their maiden speeches will not be offended if I do not spend time praising them, but I know that other hon. Members wish to make maiden speeches this evening. I hope also that my right hon. Friend the Chancellor will not be too offended if I do not lavish much praise on him. He has had far too much praise from my hon. Friends today than is good for any human being to take in one day. Clearly, after 18 years of horrendous Budgets, it would have been a relief even if he had come here and said nothing. Many of the measures are particularly welcome, and the relief for education and the NHS will be welcomed throughout the country.

I want to focus on two or three points that cause me concern. First, I would have been happier if the relief were coming more rapidly. The crisis in the NHS this autumn and the fact that many schools need more money mean that the relief should have been provided immediately. I was particularly disappointed by the small amount of money available for council housing and modernisation. Even if we build very cheap houses, the entire sum of £900,000 means that we will be hard put to build 15,000 new homes. I know of a dozen London boroughs with waiting lists longer than that, and this matter must be looked at again. We must bear in mind the fact that even in the worst days of the last Labour Government—when the IMF was at our necks—we were building more than 100,000 council houses a year.

I am worried about my right hon. Friend the Chancellor's underlying assumptions about the global economy. In every one of the assumptions on which my

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right hon. Friend has based his Budget, he has taken the most optimistic projection. That is unwise—certainly for someone who has gone out of his way to create such a dour iron Chancellor image. Life just does not work out that way—all assumptions do not come up on the sunny side. In particular, the assumptions about the global economy are optimistic. We are told in the Red Book that we expect the American economy to slow down but still grow, and that growth will pick up in Japan and in Europe.

The American economy is coming close to the end of seven years of growth—a long business cycle. The issue is how rapidly the American economy turns down and how severe that will be. It could turn out that very little good news comes out of the American economy. As long as the European Governments continue to force their economies into the Maastricht corset, I see little prospect of sustained growth in Europe to assist us. The underlying assumptions about the global economy must mean that some problems will emerge for the Chancellor as the projections become reality in the next year or two.

We are having a consumer boom in this country. It may not be on the scale of Nigel Lawson's boom in the 1980s, but it is beginning to look horrendously like it—particularly its concentration in the south-east and on those who have so much already.

The £35 billion of windfalls that will drop into people's pockets following the ending of building societies' mutual status and the insurance companies' sailing off into the new bright wonders of the entrepreneurial market—the Chancellor mentioned that—will have a horrifying impact. Again, that £35 billion will be largely concentrated on fairly well-off people in the southern half of Britain. If such people are able to shift money from one building society account to another, they are unlikely to have large debts to pay off. That money could fuel a massive consumer boom, sucking in imports, overheating the economy and causing inflation to rise. I deeply regret the Chancellor's failure to take firm measures to claw a substantial proportion into the state.

There is no justification for anyone today to receive the money. It is wealth that has been built up over generations, which people are cashing in because of the climate of greed that has become the norm. The Chancellor has missed a great opportunity to pull some of it into the Government's finances in order to reduce the scale of Government borrowing.

There is a real risk of a consumer boom that will cause severe damage, and we know exactly what will happen in such circumstances. If the economy has to overheat, one of two things will happen. Eddie George will bang up interest rates, which will massively depress the real economy and industry, and cause those who have not benefited from the boom either to lose their jobs or to suffer a decline in living standards; or the Chancellor himself will have to introduce, in a year or 18 months, measures to take the heat out of the economy—thus running the risk of precipitating a severe turndown in the economy that could lead to recession. We saw that happen in 1990. I believe that the lack of action to deal with overheating of consumer demand will return to haunt us, especially as it is so strongly led by the housing market.

Someone with half a million pounds to spend on a house will not worry about spending 1 per cent. more on stamp duty, and someone with a quarter of a million pounds to spend will not worry about another half a per cent. The measures taken by the Chancellor to take the heat out of the housing boom are entirely inadequate. I hope that those who collect their windfalls will save and invest them—that would be wonderful—but, if they cash them in and spend, we risk facing the problem experienced by the British economy at the end of the 1980s. After a recession such as that, more industries have gone, more of the real economy has been destroyed, and many people's lives are ruined.

Then there is the question of debt. For all the talk of the iron Chancellor, he strikes me as a great big cuddly toy. There is nothing threatening about what he is doing about debt. Here we are, borrowing after five years of growth. We are in the sixth year of growth, and the Government are continuing to borrow. I agree with the Chancellor about the golden rule; I just wish that he would implement it now, from day one. It is barmy to say that we will carry on borrowing for two more years, ratcheting up more debt, undermining the competitiveness of the economy and causing those who are thinking of investing in gilts to demand a higher rate of return. I am glad that the rate of return that is being demanded on long-term investment in the British economy has dropped by a few fractions of a per cent., but our level of borrowing is likely to continue to be consistently worse than the equivalent long-term borrowing rates in Germany and our other major competitors. I want much firmer action to be taken on debt.

The Opposition are making a big row about the windfall tax, but every City analyst who studied it said that the utilities could stand a tax of £10 billion without any problems, and we are taking only half that. The Tories should all be celebrating the fact that we have been so lenient. We could have taken the other £5 billion and used it to stop Government borrowing. We could have returned to the golden rule, and stopped all borrowing to cover revenue expenditure. That would have enabled us to build up the long-term strength of the British economy and to lower long-term interest rates, thus creating a better climate for investment.

I cannot believe that we are reducing corporation tax; it is almost as though the Chancellor has lived on another planet these past 18 years. Tory Governments have consistently cut the tax that the corporate sector has to pay, always saying that they were creating a climate in which people would be encouraged to invest, and it has always failed to happen. There is clearly not the slightest evidence on the basis of the past 18 years' experience to suggest that it would happen.

Mrs. Thatcher genuinely believed that, when she came to power in 1979, by slashing corporate tax, undermining trade union bargaining power, holding down wages and creating the highest profits in real terms that the corporate sector had ever had, she would unleash an entrepreneurial spirit, and British capitalists would rush out and turn us into a miniature version of America, expanding and investing; but it did not happen.

What did people do? They took the money. They paid it out in dividends, largely because our company laws leave everybody running a company in fear that Lord Hanson will come along if they do not constantly jack up dividend

payments, irrespective of the state of the company. There is no evidence to suggest that cutting corporate tax will encourage investment.

It would be much better to increase corporation tax and say to every company that we will give them 100 per cent. tax rebate on real investment. I am delighted that we are increasing tax relief for small and medium firms from 25 to 50 per cent. We should give 100 per cent. for every company in Britain, to increase our productive capacity and create real jobs to put people back to work. That cannot be done simply by dangling the carrot of further tax cuts; we need a bit of stick to wield over the City and Britain's corporate sector, to encourage them to invest.

I know exactly when things went wrong in investment. In 1955, investment was 15 per cent. of gross domestic product. It built up to 22 per cent. under the right hon. Member for Old Bexley and Sidcup (Sir E. Heath), until his Government shifted our tax law: until 1973, there was a presumption in favour of investment, our tax laws were geared to that, and investment picked up virtually year by year; his Government removed the presumption and left the tax system wholly neutral, and we have declined back to 15 per cent.

The Chancellor's Budget is wanting in those areas. My worry is that if all those factors come together, if the world economy does not surge forward, if the consumer boom becomes unsustainable, if Government debt does not come down as rapidly as we would like, and if the corporate sector does not invest, we may have to make difficult and painful choices a year or 18 months ahead, and, once again, a Labour Government in mid term may struggle and become unpopular.

I remember what Iain Macleod once said about the Budget that is cheered on the day being the Budget that is cursed six months later. I sat among my colleagues and heard them cheering, and the nasty thought occurred to me: has this Budget done more to encourage the prospect of Labour's second term, which we so desperately need? If anything, I think that it has created an element of risk that has endangered that prospect. Many of my colleagues who cheered today may live to regret the fact that the Budget was not bolder and firmer in tackling our institutional problems.

8.58 pm

Mr. John Wilkinson (Ruislip–Northwood): We have had the privilege of hearing six maiden speeches today; not, I hasten to add, from the hon. Member for Brent, East (Mr. Livingstone). He is the opposite of a political innocent, but he brought to the debate the authenticity of his real-life political experiences.

When I said that we had heard six maiden speeches, I included that of my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), who today made his maiden speech in debate as leader of our party. To reply to the Budget statement is one of the most demanding tasks to face any Member and I hope that my right hon. Friend will not think me condescending when I say, as a former Yorkshire Member, that, in such extraordinarily difficult circumstances, he produced a speech of great succinctness and clarity. He gave heart to many Conservatives who have looked for leadership and direction for far too long.

If one is blessed with a name that begins with the letter W, as I am, from time to time we tend to find ourselves called to speak towards the end of debates. Today is no exception and perhaps it gives me the opportunity to make a winding-up speech from the Back Benches, since there will be none from the Front Benches today, and to say some nice things for the record about some particularly good maiden speeches. I include in that those made by Labour Members.

The hon. Member for Eastwood (Mr. Murphy), who is less craggy and cleaner shaven than his respected predecessor, Allan Stewart, brought a similar sense of commitment to his constituents. He will obviously make a serious contribution to our proceedings. My hon. Friend the Member for Witney (Mr. Woodward) made a fluent speech which was notable for his confident delivery. We shall certainly hear much more from him as his natural enthusiasm will be energetically deployed in criticising much that will prove worthy of criticism in Labour's programme, and possibly more.

We then heard a speech from the hon. Member for Weston-super-Mare (Mr. Cotter), who spoke with knowledge and experience of small business. He was followed by the hon. Member for Brentwood and Isleworth (Mrs. Keen), who told us that she had fought the seat three times. In her case, it was not just an example of third time lucky because she will be able to teach us all how to nurse a constituency. She brought to the debate a warm heart and professional experience in medicine which will be most appreciated in our debates on the health service.

My hon. Friend the Member for North Norfolk (Mr. Prior), who is in his place, likewise made a big-hearted contribution. How nice it was to hear him speak so well of Sir Ralph Howell. How good it is that my hon. Friend brings to the House experience of manufacturing industry. He clearly has a deep love of his constituency and the countryside. He will prove a very worthy successor to his constituency and his paternal predecessors.

At the beginning of my remarks about the Budget, I should declare an interest as the director of a small company. The Chancellor made a grandiose start when he spoke about the United Kingdom rising to the challenge of the global economy. Having heard his speech, however, I understand that he has firmly set his sights on placing the British economy within the overall European one. It is not the kind of dynamic model which we should follow.

When the right hon. Gentleman announced his much-vaunted reduction in VAT on domestic fuel—how right it is that he did achieve at least a 3 per cent. reduction in it—he also vouchsafed the admission that were it not for the European Union he would have abolished VAT on domestic fuel. This is evidence of how our sovereignty is slipping away to the European Union and how the living standards of our people are suffering. The Chancellor made no mention of the opportunity cost to the British economy that is related to our contributions to the European Union. Nor did he go in depth into the implications for the sovereign running of our economy of handing monetary policy over to the Bank of England as a precursor, potentially, to handing it over to an independent European central bank.

There were some positive measures in the Budget statement. First, there was the determination to reduce public borrowing. However, as the hon. Member for Brent, East observed, would it not have been much better to set a clear target for the elimination of public borrowing

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and the creation of a public sector debt repayment? This could reasonably have been achieved, and is a hallmark of the tiger economies in the global economy, to which the Chancellor referred, which we badly need to emulate.

Secondly, I welcome the reduction of corporation tax by 2 per cent. for both large and small companies. I regret that no threshold was instituted for the payment of corporation tax by the smallest companies, because they grow so much from retained profits. Thirdly, there was the doubling of tax relief for a year on capital investment in plant and machinery for small and medium-sized companies.

A fundamental deficiency in the Budget statement is that the Chancellor does not recognise the important role of private savings and private investment in the generation of growth in the tiger economies. We need greatly to increase the private savings ratio. To that end, I hoped that instead of announcing a review of the operation of capital gains tax, the Chancellor would have been bold—though we could not expect this from a socialist Chancellor—and announced abolition of capital gains tax and inheritance tax.

On the global economy, none of the tiger economies would do anything so rash as to institute a windfall tax on profitable enterprises that have been recently privatised. Those enterprises are not utilities; many are already global companies competing in the global marketplace. I take an example of particular relevance to my constituency. Many of my constituents work at Heathrow airport for companies such as the British Airports Authority. BAA is par excellence an international company in that it provides services not only for British Airways and British carriers but for international airlines that wish to use British airports such as Heathrow, Stansted and Gatwick. The imposition of a windfall tax may cost jobs. It will certainly diminish BAA's profitability and its ability to invest in schemes such as the fifth terminal, which is crucial to Heathrow's long-term competitiveness against other European gateways such Frankfurt, Amsterdam and Paris. Higher landing charges may ensue. All those potential consequences are wholly negative.

The tiger economies do not have the arcane and highly complex tax system of the United Kingdom. I was deeply disappointed that the Chancellor introduced no measures to simplify our tax system, which is replete with reliefs and allowances. Even the workfare scheme and the welfare-to-work provisions are not in the spirit or the practice of the tiger economies. Those economies do not achieve their very low rates of unemployment through subsidies, but by generating enterprise across the board.

I do not wish to be parochial, but the Budget will hit my constituents particularly hard. I mentioned the British Airports Authority and the consequences of the proposed windfall tax on the privatised utilities. The reduction of mortgage interest tax relief to 10 per cent. may seem minor, but for many of my constituents in outer London, whose family budgets are stretched to the limit, it is a matter of considerable consequence.

My constituents will also be affected by the increase in duty on motor fuel. They do not all travel by public transport; many have to rely on using their cars on greatly over-congested roads and the provision will create an additional burden. It is not even as if the Budget contained a commitment to higher investment in London Underground or the railway network. On the contrary, Railtrack will suffer under the windfall tax.

I heard what the hon. Member for Brent, East said about stamp duty, but there are a great many properties in my constituency worth more than £250,000. The families who are moving into them are often fully stretched. The Budget will bring higher duties on motor fuel, tobacco and alcohol; there will inevitably be higher council taxes. The Budget contained no indexation of personal allowances and no upward indexation of tax bands to take account of inflation.

The tiger economies are noteworthy in their encouragement of private provision, but this Budget penalises the most vulnerable section of the community—those who are over 60—for their thrift and for providing for their health care through private medical insurance. The impost is particularly vindictive, and one which I would not have expected from a son of the manse.

The Chancellor intends to impose environmental taxes on British industry. I am all in favour of those taxes as long as they are multilaterally applied. British industry should not be singled out. Through vigorous international action, we must ensure that taxes are imposed as uniformly as possible among our competitor nations to ensure that industrial polluters and despoilers of the environment are taxed appropriately.

To conclude, the Budget is deeply depressing. I was especially depressed by the early raid on the contingency reserve. If the Chancellor wanted to establish a reputation for fiscal rectitude, it would have been so much better had he not made that raid. It was especially depressing that public spending will not be reduced sufficiently to eliminate the budget deficit. The Budget will be particularly depressing for my constituents and for the many others whose living standards will suffer.

9.13 pm

Jacqui Smith (Redditch): Thank you, Mr. Deputy Speaker, for giving me the opportunity to make my maiden speech in this important debate on the first Budget of a new Labour Government.

It is an additional honour when one can claim to be the first Member of Parliament for a new constituency, but I shall pay tribute to the hon. Members who previously represented my constituents. The town of Redditch was previously part of the Mid-Worcestershire constituency and was therefore represented by the current right hon. Member for Bromley and Chislehurst (Mr. Forth). It has been said that, with 101 women Members on Government Benches, they will become far more colourful; however all hon. Members would agree that the former right hon. Member for Mid-Worcestershire played a significant part in bringing colour to these Benches as a Minister in the Conservative Government, with both his speeches and his ties. I am sure that he will continue to express his forthright views from the Opposition Benches.

The villages of Inkberrow and Cookhill were previously part of the constituency of Worcester and were represented by the current hon. Member for Mid-Worcestershire (Mr. Luff). He is an enthusiastic and lively Member and I know that people in Inkberrow and Cookhill appreciated his interest in their communities and related issues. I am sure that he will continue to speak up for Worcestershire.

I pay a special tribute to my most recent Labour predecessor in Redditch, my hon. Friend the Member for Birmingham, Hodge Hill (Mr. Davis). He won an historic by-election in the seat of Redditch and Bromsgrove in 1971. During our campaign, we were fortunate to have my hon. Friend coming to help us on several occasions. He is still widely recognised in the town and it was a particular honour for me when a gentleman we met described me as "the new Terry Davis". My aim as the new Member of Parliament for Redditch is to serve local people as diligently and effectively as my hon. Friend did—a tall order for any Member, new or old.

It will also be my duty and pleasure to put Redditch and the surrounding villages of Inkberrow, Cookhill and Feckenham firmly on the map. Although Redditch was designated as a new town in 1964, it already had a population of 29,000. That figure has more than doubled since that time to the present day, but people and buildings from the old Redditch remain. The mix of old and new gives a sense of history, linked to a vibrant and forward-looking town. Having welcomed so many newcomers, the people of Redditch are friendly and tolerant. We shall stand up for our town and its interests, but we shall embrace the opportunities offered by the new Government with enthusiasm.

I hope that hon. Members will visit Redditch, especially the site of Bordesley abbey where, in the 12th century, Cistercian monks set up home. Nearby, the Arrow brook flows through a layer of red clay, thereby giving the early derivation of the name—red ditch. Hon. Members could also visit the Forge Mill national needle museum, which tracks the development of industry in Redditch through needle-making and the production of fish hooks to spring manufacture. That is still an important industry in the town today.

The town's industry has not depended on past successes. Through the hard work and skills of local people, the innovative work of Redditch borough council in economic development and the continuing support of Redditch and Bromsgrove business link, local industry has diversified. The Chancellor's announcements on corporation tax and capital allowances will reassure the Redditch business community that the new Government will support and encourage its efforts.

In Redditch, we combine an entrepreneurial spirit with a social conscience. The town boasts two credit unions, supported by the borough council and run by volunteers. The town is also launching an innovative mutual guarantee scheme for small and medium-sized businesses, which will provide guarantees for business loans on a co-operative basis. I am sure that such initiatives will be supported by the new Government, who believe that social justice and economic prosperity are integrally linked, as we have clearly seen in the Chancellor's statement today.

As a new town, Redditch has a young population—more than one in three people are under 25. Those young people are the future of our town and our local economy. But 561 of them are without a job or training. That is a waste of lives and talents. They will form a wasted generation unless they can work and train. Those young people will welcome the announcement in the Chancellor's Budget statement that the windfall levy will be used to provide real opportunities to work and train. Young people to whom I speak in Redditch want the chance to make something of their lives. Today, they have been offered that chance. The Chancellor has announced four high-quality options for work and training.

That is not just another scheme or an attempt to massage the unemployment figures. Those opportunities, and the personal support and guidance that will accompany them, will offer young people a real choice. Young people voted Labour in large numbers on 1 May in Redditch and throughout the country, and today the Chancellor is repaying their trust.

I am also honoured to represent the villages of Inkberrow, Feckenham and Cookhill. Those are excellent communities where local people often work hard to support their villages. Those areas are not always, however, a rural paradise for the people who live in them. There are important issues, to do with housing, transport, jobs and business, and the fear of crime, which I will make it my job to raise in the House. I was particularly pleased to learn that Wychavon district council, which covers the rural part of my constituency and is under new political control, is implementing an anti-poverty strategy. There is real poverty in rural areas and we must not allow it to continue to be hidden.

Hon. Members may also be interested to learn that some people believe that Inkberrow village is the model for Ambridge in "The Archers". I was intrigued to read a letter in the *Radio Times* the other week, complaining that Pat Archer had greeted the election of a new Labour Government with such delight. While I cannot vouch for the support for new Labour of Jack Woolley or Brian Aldridge, and I am sure that we would positively discourage any support from Simon Pemberton, I can assure hon. Members that there are many people in rural areas who welcome the election of a new, truly one-nation Government, urban and rural. It will be my pleasure to represent the common interests of all my constituents, while also recognising their distinct communities and needs.

The Chancellor has spelt out clearly the new Government's taxation principles. A tax system should encourage work and long-term investment, and should be fair and based on ability to pay. The most unfair tax imposed by the previous Government was VAT on fuel. That tax fell on 2.5 per cent. of the disposable income of the most well-off families, but it fell on 12 per cent. of the disposable income of the poorest families—a clearly regressive tax which caused distress and fear among poorer families. It would now be imposed at 17.5 per cent. were it not for the work of my hon. Friends in the previous Parliament, and the good sense of the electors of Redditch. The Chancellor's announcement today on that tax is another clear sign that the new Government will promote fair taxes.

Some people try to justify the tax on environmental grounds, but for an elderly person or a family with young children, heating the home is not a luxury which they can or should cut down on to save money. One reason why we spend so much on heating our homes is the poor state of much of our housing and insulation. How much better it is to give young people opportunities to work in the environmental task force, and local councils the opportunity to repair and insulate homes through the use of capital receipts. That is the proper way to ensure fuel efficiency—not freezing our elderly and our young families with regressive taxation measures.

[Jacqui Smith]

I welcome the Chancellor's statement today. It makes a vital start on delivering the promises that I made to the people of Redditch in the election campaign: action on jobs and opportunities for young people; tough rules on Government borrowing to maintain stability in the economy; a taxation system based on fairness; and support for our schools and hospitals. Not only did our new Chancellor hit the ground running, but today he has clearly shown that he is prepared for a record-breaking marathon.

9.24 pm

Mr. David Amess (Southend, West): It is an honour to follow any maiden speech, but it was a special honour to follow the excellent maiden speech of the hon. Member for Redditch (Jacqui Smith). She spoke with great fluency and warmth about her constituents and showed good humour. I am sure that I speak for hon. Members on both sides of the House when I say that we wish her well in the years—at least until the next general election—during which she will serve Redditch.

It would be remiss of me not to mention the other five maiden speeches. I believe that I have heard most of them from near and afar. They were made from all parts of the House, and all those Members should be congratulated on their speeches. The father of my hon. Friend the Member for North Norfolk (Mr. Prior) would be rightly proud of the way in which his son delivered his maiden speech today. I owe my hon. Friend's father a great debt of gratitude, because GEC Avionics is in my former constituency, and he did a magnificent job in attracting new jobs and investment to that firm.

There endeth the pleasantries, because I should now like to discuss the Budget. Tomorrow morning, in my constituency of Southend, West, I shall attend a Budget breakfast meeting, organised by the excellent chamber of commerce and a firm of accountants. In my Budget breakfast speech, I shall say that I believe that this will prove to be a rotten Budget, delivered by what I am sure by the end of this Parliament will prove to be a rotten Government.

Mr. Paul Tyler (North Cornwall): It takes one to know one.

Mr. Amess: The hon. Member for North Cornwall (Mr. Tyler) says, "It takes one to know one." Perhaps I may deal with a point of order at this moment. There seems to be some row about the seating arrangements in the Chamber, and just—

Mr. Deputy Speaker: Order. Any points of order are for the Chair. That matter has been dealt with. I suggest that the hon. Gentleman gets on with his speech about the Budget.

Mr. Amess: With regard to the Budget, Mr. Deputy Speaker, I am very pleased to be surrounded by Conservative colleagues. I am not so pleased to be surrounded by Liberal Democrat Members. They power-share on Essex county council and on Southend-on-Sea borough council, so I have not the faintest idea why they are sitting on the Conservative side of the House. They would be better placed to sit with Labour Members—they have much more in common with them than with Conservative Members.

There was an air of triumphalism among new Labour Members as the Chancellor delivered his Budget statement. Their faces lit up at each new announcement. They were watching our faces and thinking that we were being caught out in a range of measures, but it was laughable to describe today's self-indulgent, patronising Budget as the people's Budget. The Labour party manifesto said:

"New Labour is not about high taxes on ordinary families".

As I look at the Labour Benches, I am not sure what Labour Members now know about ordinary families because, far from representing the working classes, it appears to me that they have much more common with the middle and upper classes. They have nothing in common with the working-class people whom they represent.

The Budget offers working people nothing. The posters that were deployed in the four-week general election campaign told us that there would be no tax rises, but, however they are dressed up, today we had 17 tax rises. Those 17 tax rises are equivalent to a 3p increase in the standard rate of taxation, so immediately new Labour Members have let their constituents down. They have broken their promises.

Of the 659 constituencies, Southend, West is 31st in terms of senior citizens. Pensioners in Southend, West have been badly let down by today's Budget. We are all on life's journey; no matter where we are on it, everyone's life is important. The fact that senior citizens are somewhat more advanced on that journey means that they deserve the same treatment as anyone else. All hon. Members will have received a brief from Help the Aged on pensions and income, health care and social care, housing standards, mobility and independence. Many new Members turned up at the tea party that Help the Aged gave us. Nothing in the Budget meets any of the points that that charity put to us just last week.

I note that the Economic Secretary is in her place. I understand that she worked for Mr. Robert Maxwell, so I am surprised at the direct attack that has been made on pension funds and pensioners today. It is bad news for my constituents in Southend, West.

We then heard about the employment programme. I accept that it will create some jobs temporarily, but the minimum wage and the social chapter will destroy jobs permanently. I dare say that we shall hear more on that issue tomorrow. The programme will result in work to welfare, not welfare to work.

In September, the leader of the Labour party said:

"We have no plans to increase tax at all."

The present Chancellor said:

"There is no black hole for the Labour party because we have no public spending commitments that require extra taxes."

There seemed to be no harmony on the Labour Benches today. The hon. Member for Brent, East (Mr. Livingstone), who has left his place, mentioned horrendous Budgets. Through his stewardship of the Greater London council, he is an expert in horrendous budgets. Neither he nor the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) seemed to be in accord with anything that the Chancellor said today.

Even before the Budget, the Labour party gave the game away. Its manifesto did not say that it would hand over stewardship of the economy to the Governor of the Bank of England. That says it all. If the Labour party honestly believes that the British people are daft enough to allow it to get away with pushing responsibility on to the Governor of the Bank of England, it is in for a big shock. Then to humiliate the Governor in the Chancellor's Mansion House speech, by saying that if the Governor gets the inflation forecast wrong, he must write out 100 lines and apologise to the British people, is irresponsible.

The newly elected Government will parrot for the next year or two that everything is the fault of the Conservative party over the past 18 years, but it is the newly elected Labour Government's responsibility to manage the economy well, because all the hopes and aspirations of hon. Members depend on their management of the economy.

Since 1 May, we have already had two interest rate rises, which have damaged the living standards of a range of people. They have damaged small businesses and those who pay mortgages. Today, the housing market has been further damaged by the Chancellor's announcement on MIRAS. Again, we heard further hypocrisy from the Labour party. Speaking about MIRAS, the leader of the Labour party said last year:

"If we cut it, it will add to insecurity, destroy confidence in the housing market and make people much more wary of buying and selling homes."

The cop-out from the Labour Chancellor today was that as the Conservatives had done it, it was okay for Labour to continue. That is not what the present Prime Minister said last year. The Chancellor has a short memory.

There is to be a new scheme forcing insurance companies to pay for medical services for road accident victims. That is an additional medical levy on vehicle owners. Through raised insurance premiums, all vehicle owners will be forced to pay twice for medical care. I wonder what will come next.

We heard a throw-away announcement about capital receipts. The Conservative Government said that capital receipts could not be released until local authorities had paid off their debt. No detail was given about that today. We heard about the new house building programme that everyone will apparently rejoice at, but as there has been such a furore about the green belt being destroyed in Essex, I hope that Labour county councillors there will articulate clearly where all those new houses are to be built.

I noticed two more so-called causes for joy among Labour Members. There was an announcement about the health service, which the hon. Member for Brentford and Isleworth (Mrs. Keen) touched on. Labour Members were pleased at the announcements about health spending and about education. What was announced today with regard to the health service was no more and no less than the Conservative Government were pledged to do.

When it was announced that £1.3 billion would be spent to improve the fabric of our schools, Labour Members rejoiced. However, the Chancellor said that that £1.3 billion would be spent over the lifetime of this Parliament, so about £250 million will be spent each year, which will certainly not meet the expectations of all—

Mrs. Ann Keen: Having worked in the health service for the past 20 years, I can assure the hon. Gentleman that the contribution is welcome. It is the first time that money is being put into patient care, rather than management bureaucracy, which far exceeds any management facility that the health service needs. At last the health service is back on track. Ask any health worker—the hon. Gentleman is looking at one.

Mr. Amess: I respect the hon. Lady's expertise with regard to the health service. However, I was not impressed when the new Secretary of State for Health wrote to hon. Members stating that the money saved through the removal of the internal market would reduce waiting lists. I do not see how that can be delivered.

I seized on the fact that for the first time we have three Ministers of State in the Department of Health. Four of the new Ministers are based in London. Unless we tackle the London problem—the hon. Lady has a vested interest in that—none of the difficulties of the health service will be sorted out.

The Budget is extremely disappointing. It is not fair to ordinary families. The British people deserve better than they got today.

9.38 pm

Ms Joan Ryan (Enfield, North): I am grateful for the opportunity to make my maiden speech in this important debate. I congratulate all hon. Members who have made their maiden speeches today, especially my hon. Friends the Members for Redditch (Jacqui Smith) and for Brentford and Isleworth (Mrs. Keen).

I congratulate the Chancellor of the Exchequer, my right hon. Friend the Member for Dunfermline, East (Mr. Brown) on his first Budget. It is, as he promised, a Budget to serve the many and not just the few. His welfare-to-work proposals are radical, far reaching and extremely welcome. They will be welcomed across Britain, and they are particularly welcome in Enfield, North.

I shall say a word about my predecessors. The House will know that my immediate predecessor was the right hon. Tim Eggar. He served Enfield, North from 1979 and served as a Government Minister continuously for 12 years. I am sure that we all wish him well in his chosen career change, working in industry and commerce.

From 1974 to 1979, Bryan Davies served as the Member for Enfield, North. He is remembered with affection as a man of integrity who worked hard for the people of Enfield, and I hope to follow his example. I have the honour to be the first woman Member to serve Enfield, North.

I shall spend a few moments, as is traditional, telling the House a little about my constituency, which is one of contrasts. It is London's most northerly constituency and is fortunate to have much designated green-belt land. The Countryside Commission has stated that the finest landscapes in the Greater London area are generally acknowledged to be those such as Enfield Chase. I readily agree with that view. I intend to work hard with local groups, notably the Enfield Preservation Society, which has done so much over the years to safeguard the nature and character of Enfield.

Enfield Chase and areas such as Forty Hill served as royal hunting grounds for over 400 years. Both Henry VIII and Elizabeth I often hunted in the area. No hunting

[Ms Joan Ryan]

takes place there now. Today, the unique characteristics of the area, and historic buildings such as Forty hall, are enjoyed by all members of the population and by many from further afield.

Enfield town is at heart a traditional English market town. Eastern Enfield, in contrast, is a much more urban scene. It is an area shaped by industry. It is the part of Enfield that gave the world such things as Belling cookers, Scrabble and the Lee Enfield rifle. The disappearance of much of east Enfield's old manufacturing industry has brought its problems and the area now has assisted area status. It is thanks to the efforts of our Labour Member of the European Parliament, Pauline Green, and the local authority, that regeneration is beginning to take place through the use of objective 2 funding and the single regeneration budget.

Ponders End may be known as the birthplace of Lord Norman Tebbit, or perhaps because Kenneth Horne and Kenneth Williams brought it to the nation's attention in their many references to it in the 1960s radio series entitled, "Round the Horne". Ponders End's chief landmark was the gasworks, and the area was perhaps thought graceless. That is no longer the case because these days it is a most salubrious place. Indeed, it is home to my constituency office. Like the rest of Enfield, North, it is populated with warm, welcoming and energetic people who have a strong sense of community. These are people and communities that I am privileged to represent.

Enfield, North has a diverse population. Diversity is evident in culture, ethnicity, language and religion. More than 30 languages are spoken by children attending schools in my constituency. Discrimination undoubtedly exists in employment opportunities, but the enterprise of Enfield residents has seen many new businesses come into being from the talents of people of all backgrounds.

I have spoken to many people in the Cypriot community, for example, who have made a significant contribution to the economy of Enfield and of north London generally.

Unemployment among some groups—notably youths and black and Bangladeshi groups—remains disproportionately high. The measures that my right hon. Friend the Chancellor of the Exchequer announced today will bring real hope. There will be a new future of hope for all my constituents, either as the recipients of opportunities for training and employment or as parents or grandparents, whose aspirations for their children and grandchildren will be better served by the Budget.

Enfield, North is one of the major centres of industrial activity in London. It has particular strengths, including an advantageous location, excellent communications, a manufacturing base, a reliable and skilled work force and a resilient enterprise culture with a strong small business sector. Over the past decade, however, many locally established manufacturing companies have either closed or announced major redundancies—Belling, Royal Small Arms and Ferguson, to name but a few.

Annual employment data demonstrate that in my constituency there has been a shift away from manufacturing, transport and communications into service sector industries such as financial services. Although we value and encourage those new directions, the gradually disappearing manufacturing and production base has also meant the loss of skilled apprenticeship opportunities.

Young people in Enfield, North are keen to get on. Participation in full-time education among 16 and 17-year-olds in Enfield is slightly higher than the level for London as a whole, and significantly higher than for England as a whole. Yet some 47 per cent. of the long-term unemployed in Enfield are in the 18 to 24 category. When they complete their education, they do not have the training and employment opportunities that they deserve. We look to the Budget proposals to break that logjam.

Unemployment is one of the major sources of instability in our society. It has a very real impact on the health and welfare of individuals. It creates stress for them and their families and can lead to a wide range of problems, including debts, homelessness and family breakdown.

The new deal offered in the Budget will raise both the education and skills level of our young people and, in doing so, will not just fulfil a social need but play a key role in improving the competitiveness of the British economy and raising the long-term growth rate. The defining characteristic of this new deal is choice—choice for young people who will be offered four high-quality options—but, rightly, no fifth option of passive reliance on benefits.

Young people—indeed, the whole community—will welcome the opportunity that the welfare-to-work Budget opens up for them. Enfield, North is well placed to take advantage of those opportunities. Middlesex university and Enfield college can offer training and day release courses. Capel Manor, Greater London's only specialist college of agriculture, has an excellent record of working with the long-term unemployed and helping people back into worthwhile employment. Enfield, North contains the Lea Valley innovation centre. Its task is to tap the financial, physical and human resources of the Lea Valley to stimulate the creation and expansion of innovative technology-based small and medium enterprises.

In terms of large enterprises, it is significant that Ford announced on 12 June, after a meeting with my right hon. Friend the Prime Minister, that it will invest £40 million in its plant in my constituency to provide new production facilities. I very much welcome that positive news. I also welcome Ford's commitment to back the Government's welfare-to-work programme and to seek further meetings with the Government to discuss what role it could play. Indeed, Ford already runs a scheme that takes on 100 young people each year. The welfare-to-work programme will succeed with such co-operation from the private sector.

Members of Parliament have a leadership role in their local areas to bring together the private sector, the Government and all other agencies to work towards the goal of getting long-term unemployed people off benefit and back to work. That is my primary objective in Enfield, North. Only through the partnership approach of welfare to work can a solution be found to the cycle of deprivation and welfare dependency that is so prevalent in Britain's towns and cities.

Other partners have an important contribution to make to the success of this new deal. In Enfield, they include the North London training and enterprise council and the very active and well-organised chamber of commerce.

The windfall levy is entirely fair. It is based on the fundamental principle of social justice. We have seen the size of the profits on which the tax will draw. Given how

the tax will be used, it is wholly right and wholly justified. It is a tax which will pay for a future. It is what the British people so overwhelmingly endorsed on 1 May. It is the new Labour Government delivering on their promises.

I welcome the Budget; Enfield, North welcomes the Budget; and I commend it to the House.

9.48 pm

Yvette Cooper (Pontefract and Castleford): Mr. Deputy Speaker, thank you for calling me during this historic debate. I am honoured to be uttering my very first words in the House on behalf of the people of Pontefract and Castleford on Budget day. This is Labour's first Budget for 18 years—and what a Budget. It is hard to know where to begin: resources for education and health, help for the young and for the long-term unemployed, measures to calm growth in consumption, boost for investment or help with child care.

It is also an honour to conclude the debate today, and to hear so many maiden speeches. We have had such speeches from my hon. Friends the Members for Enfield, North (Ms Ryan), for Redditch (Jacqui Smith), for Eastwood (Mr. Murphy) and for Brentford and Isleworth (Mrs. Keen), and from the hon. Members for Witney (Mr. Woodward), for Weston–super–Mare (Mr. Cotter) and for North Norfolk (Mr. Prior). We have had a tour of the country, and we have heard how the Budget will affect people across Britain. It is truly a people's Budget.

Almost 100 years ago, Lloyd George launched his people's Budget for this century. Now we have a new people's Budget to begin the next century. I congratulate my right hon. Friend the Chancellor on a wise and radical Budget. It faces up to the long-term problems of the British economy. It also takes immediate steps to tackle some of the deep-rooted inequalities faced by my constituents.

I represent a corner of West Yorkshire which is proud of its industrial heritage and its hard-working people; the liquorice fields and factories of Pontefract; the potteries of Castleford; the pits—the heart and belly of the constituency; the power station at Ferrybridge; the glassworks and the chemical works of Knottingley and Castleford; and, near the corner of Normanton that I represent, a Japanese electronics factory.

These past two decades have been hard times in my constituency. Many of the pits are now closed, jobs in traditional industries have gone and, most important, we lack new investment and help to reskill the work force to generate new jobs to replace the old ones that have gone.

I must report to the House that 2,600 people in my constituency are officially unemployed: a third of them have been unemployed for more than a year. The number of people not working, either because they have been forced into early retirement or on to sickness benefit, is much higher. Too many of my constituents have not had their fair share of opportunities to learn and to obtain the qualifications that they need to prosper in a modern economy. That matters for the future, as one generation follows in the footsteps of another. Evidence shows that the chance of the sons and daughters of miners in my constituency becoming high earners when they grow up is a mere tenth of that of the sons and daughters of well-educated and wealthy professionals. That figure is shocking.

The House must not misunderstand me. It is true that my constituency is plagued by unemployment, but I represent hard-working people who are proud of their strong communities and who have fought hard across generations to defend them. They are proud of their socialist traditions, and have fought for a better future for their children and their grandchildren. In the middle ages, that early egalitarian, the real Robin Hood, lived, so we maintain, in the vale of Wentbridge to the south of Pontefract. It was a great base from which to hassle the travelling fat cats on the Great North road.

Centuries later, Pontefract became home to another true fighter for social justice, Barbara Castle. In her autobiography, she describes her politicisation during the miners lock-out in 1921. Through the years, my constituency has been home to other Members who have fought hard for the working people whom they represent in nearby constituencies, including the former Member for Hemsworth, Derek Enright, and my hon. Friend the Member for Normanton (Mr. O'Brien), who has helped me so much in these early months.

The people of Pontefract and Castleford owe most to the man who represented them for the past 19 years, and who battled hard for their welfare, Sir Geoffrey Lofthouse, now Lord Lofthouse of Pontefract. I know that hon. Members will join me in paying tribute to someone who, as a former Deputy Speaker, worked hard for the House, was fair and honourable, and, above all, was a kind man. He governed the House, which can sometimes be rowdy and alarming, with a firm but fair hand.

For some, the traditional tribute to a predecessor is something to be swallowed swiftly, got over as fast as possible. For me, it is an honour and a privilege to be able to pay that tribute on behalf of the House and the people of Pontefract and Castleford to Sir Geoff, as he is known locally.

Sir Geoff was a well-loved constituency Member of Parliament. Like my grandfather, he began his working life in the pits as a teenager. The mischievous among his Pontefract friends describe him as a corner-stint man, but they would never use the same phrase to describe his commitment to his constituents. His proudest achievement was his work for the welfare of the miners with whom he served for so long, getting emphysema recognised as an industrial disease.

I pay a personal tribute to him, too, for Sir Geoff has been extremely supportive during these curious first months here. I hope that we can continue to work together for the people of Pontefract and Castleford, a partnership which I hope echoes the strength of this new Government, young and old, energy and experience, women and men, across the country and across the generations working together for common goals. The Budget gives us the chance to achieve those goals.

More important to my constituents than anything else will be the new deal for the unemployed. In Pontefract and Castleford we are raring to go. Already, the Groundwork Trust in Castleford has approached me with a proposal for an environmental task force. We hope to encourage young unemployed people in some of the highest areas of unemployment in our constituency—in Knottingley and on the Airdale estate in Castleford—to join regeneration projects that are already planned. That way, they can take their first steps into the world of work straight from their own doorstep, be part of rebuilding

[Yvette Cooper]

their own troubled estates, learning transferable skills and building their own personal pride in their environment and in their work.

We think that this is such a good idea that we are not even waiting for the windfall tax money to come through. A local partnership is already drawing up a proposal for European money, and I hope that we will provide a successful model for the rest of the country to follow. At the same time, Wakefield council is itching to expand on its successful job subsidy programme, Workline, which it has been operating for the past 11 years. Employers there have a year-long subsidy of up to £40 a week to take on unemployed workers.

I asked one employer involved whether he would have taken someone on anyway. After all, his business was expanding. He told me two interesting things. The first was that the subsidy encouraged him to take on a new employee a year earlier than he would otherwise have done. The second was that, without the subsidy, he would not have considered taking on someone who was unemployed. There, in that one anecdote, was the proof that such a job subsidy can speed up job creation and help people in most danger of being locked outside the work force, trapped on the dole, into jobs.

That is important because it means that the new deal gives us a chance to tackle the long-term roots of inequality—people who are trapped on the dole in my constituency. Moreover, by helping those who find it hardest to get work, the new deal also boosts the capacity of the economy. That means that, as the economy grows, instead of running into the old inflationary buffers, as so often happens, we can have growth that creates jobs and more jobs, because we have boosted the capacity. That is the Budget's greatest strength. At the same time as controlling consumer demand and stopping it expanding too fast, the Budget is boosting the supply side to try to raise Britain's long-term sustainable rate of growth.

I hope that the new deal will receive support from both sides of the House, because it is about our future. In Pontefract and Castleford, I found enthusiasm for these proposals on both sides of the political spectrum.

As recently as Monday morning, a small business man came into my surgery. He admitted to being one of the few people in the area who had voted Conservative for 30 years—until the recent election. However, he said that he was delighted with what he had seen about Labour's plans for young people. He said that he wanted to take on three young unemployed people, asked when they could start, and where should he sign. His enthusiasm was infectious, and I hope that such enthusiasm will encourage more small businesses, both in my constituency and throughout the country, to take up the challenge to provide a new deal for the unemployed. It is something which we all need to work on together.

I am sure that that man will be even more delighted now that he has heard my right hon. Friend's Budget. It truly is a people's Budget—a Budget for social justice and for Britain's future. Tough choices have to be made, but they will generate results in the long run.

Keynes said:

"In the long run we are all dead"—

but I say, "So what?" Our children and our grandchildren will still be alive. Therefore, for the people of Pontefract and Castleford and for their children and grandchildren, I welcome the Budget.

It being Ten o'clock, the debate stood adjourned.

Debate to be resumed tomorrow.

War Pensions

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Robert Ainsworth.]*

10 pm

Mr. Peter Viggers (Gosport): We have listened to an exceptionally good maiden speech by the hon. Member for Pontefract and Castleford (Yvette Cooper), who spoke with great clarity and concern for her constituency. She will find that, in the House, those who speak on behalf of their constituents with knowledge and concern will always win an audience.

In my mere 23 years in the House, I have twice followed maiden speakers. They were both men, and I have followed their future careers with keen interest. The hon. Lady is my first "parliamentary god-daughter", and similarly, I shall follow her career with interest—until the Conservatives can sweep her out of Pontefract and Castleford, which I hope will be as soon as possible.

I am also delighted to see my comparatively near parliamentary neighbour, the hon. Member for Southampton, Itchen (Mr. Denham), as the Under-Secretary of State for Social Security on the Government Front Bench. If we have to have Labour Ministers, I suppose that I am as happy to see him there as anyone else, and I hope that he will listen to my plea on behalf of my constituents. Perhaps he will decide that there is merit in the case.

I welcome the chance to speak on behalf of two of my constituents who, I believe, have been treated inappropriately by Government, which has resulted in profoundly serious damage to them. The issue is connected with an allowance called the allowance for lowered standard of occupation. The acronym for that is ALSO, but I shall refer to it as "the allowance".

I shall quote copiously from a guide to war pensions policy produced by the Department of Social Security. It says:

"The original idea behind this allowance, which was introduced in 1946, was to compensate the World War 2 conscript who, as a result of an injury sustained during the war, was unable to follow the civilian job he had had before he was called up. Later, in the 1970s, the law was amended to enable carecr servicemen who had had no pre-service occupation to qualify for the allowance."

The injury or disablement

"must be such as to 'render him incapable, and likely to remain permanently incapable, of following his regular occupation and incapable of following any other occupation which is of an *equivalent standard* and is *suitable in his case*".

Of course, those terms need careful definition. "Regular occupation" means

"(i) the occupation which was his regular (service) occupation on the date the injury was sustained, or

(ii) the occupation which was his regular (service) occupation on the date he was first removed from duty because of the disease on which his award is based, or

(iii) if there were no such occurrences, the occupation which was his regular (service) occupation on the date he was discharged."

I would interpret that guidance as meaning that one should apply first test (i), then test (ii), and failing those, test (iii). "Regular occupation" for service after 31 July 1973 means

"the regular service job that the claimant was doing at the appropriate date . . . It is important therefore that the precise service job is identified eg infantryman: electrician: weapons mechanic: cook: clerk: driver: pilot: navigator etc. before consideration is given as to whether the war pensioned disablement renders the ex-serviceman 'incapable, and likely to remain permanently incapable, of following [that] regular occupation".

The note continues:

"Where the regular occupation is the service occupation, and the claimant was invalided because of the accepted disablement, it can normally be accepted that he is incapable of following his regular occupation. That will also be the case if, because of the accepted disablement, the claimant was moved from his regular occupation to another job, albeit still in the armed forces."

That is exactly the case in one of my constituency cases. The note concludes:

"Occasionally a claimant might argue that although his pensioned disablement did not prevent him carrying on in his regular occupation, he should be entitled to ALSO because he was excused because of his disablement from involvement in certain activities which would normally be expected of all servicemen eg training, exercises/sport. Clearly a marine commando who could not cope with training exercises would be eligible on discharge to ALSO (peak physical fitness being an essential prerequisite for such a job); in that case, it would be very unlikely that he would have retained his job."

The allowance was paid to about 13,500 ex-service men and women until 1996. The maximum amount was £38.12 and those in receipt of it made all their financial plans on the basis that the allowance would continue. Who would contemplate—even in one's worst nightmares—that an allowance granted by the British Government would be withdrawn? Surely such an allowance should be as solid as the Bank of England.

Those receiving the allowance made housing and other long-term plans on the basis of it, and took it into account when taking on mortgages or other debts. To take an extreme example, a recipient of the allowance faced with separation or divorce would make a settlement on the basis of the allowance continuing. The loss of the allowance in those circumstances could lead to real hardship.

For about 1,300 people in receipt of the allowance, their worst nightmare came true. In January 1996, the Department of Social Security informed 1,300 ex-service men that they were to lose their allowance. I have one such letter here, addressed to my constituent Mr. Ken Harding. The letter states:

"when we first looked at your claim for ALSO, we made the mistake of considering only whether you could get back into service, and whether your civilian earnings (or potential earnings) were less than your service earnings. What we should have done was to consider whether your pensioned disablement itself actually made you incapable of following your service occupation and any other occupation of an equivalent standard. It has, therefore, been necessary to reconsider your case . . . We have reviewed your case and have concluded that your pensioned disablement assessed at 6-14 per cent., does not make you permanently incapable of following your regular (service) occupation of aircraft engineering mechanic."

That disablement allowance was for deafness. Mr. Harding became a chief petty officer in the Navy and worked as a supervisor with special responsibility for deck operations on aircraft carriers. He served on a range of ships, and worked on deck with Gannet aircraft, Sea Vixen and Phantom jets and Sea King helicopters.

[Mr. Peter Viggers]

I wonder whether the person who decided that Mr. Harding was not permanently incapable of following his occupation has ever been at sea during fleet operations. It is noisy and hazardous, with tons of heavy metal catapulting off the heaving deck and back on again. Accuracy and reliability are crucial. To describe him simply as an engineering aircraft mechanic is simplistic and inadequate. Mr. Harding later went on to work at the Royal Navy's aircraft yard in my constituency, working on land on helicopter servicing and repairs. I suspect that the Department of Social Security regarded this as an extension of his service work when they disqualified him from the allowance.

My other constituency case is more bizarre. Mr. Mike Tungate served in the Royal Marine Commandos and reached the rank of sergeant. He was supremely fit and took pleasure and pride in physical activity. In July 1985, he was injured when he was thrown from his motor cycle in an accident that was not his fault. He has since suffered permanent injuries to his shoulder and elsewhere. I have a medical report here from a Doctor Grayson, dated May 1997, which states:

"This man's left shoulder injury is likely to continue to be a major disability throughout his life and will I imagine have limited his chances of promotion as he cannot achieve battle fitness."

Another medical report—also issued in 1987—from Mr. Neville Seymour, in Plymouth, states:

"His general activities have been severely restricted: he has been unable to undertake battle fitness tests; he cannot lift and hold weapons. He tells me that his service contract has three years to run, but he had hoped to spend another five years in the forces."

The contents of those medical reports are reflected in the armed forces reports on Mr. Tungate. A letter from Major Binnie of the Royal Marines in Plymouth, dated May 1987, says that Mr. Tungate

"was medically downgraded to P2 (Modified Commando) on 9 March 1987 as a result of his accident. This means that he must henceforth work in the rear echelons of units and in office jobs. Additionally he cannot undergo Mountain and Arctic Warfare Training nor can he attempt the normally mandatory Basic Fitness Test and the Annual Personal Weapons Test.

Whilst this does not directly affect his fitness for promotion it inevitably damages his prospects. Being ineligible to hold field posts in a Commando Unit denies him the full range of job experience that is an essential part of a man's promotion. Nor is he able to compete effectively with his contemporaries who have the opportunity to gain a balanced career.

Whilst it is difficult to quantify his damage, he has been disadvantaged by his accident and the subsequent medical downgrading. I do not believe he will now gain the width of experience necessary for further promotion."

In the official report on Sergeant Tungate for 1987–88, his reporting officer said—after praising Sergeant Tungate's qualities, his enthusiasm and his excellence generally—

"Regrettably, Sgt Tungate's medical condition puts certain restrictions upon him and his career . . . Sgt Tungate has now been a Sergeant almost 9 years. I am of the opinion that his medical condition and somewhat limited experience in the clerical branch would debar him from being employed as a CSgt (C1)"—

that is, a colour sergeant.

"It is with sincere regret that I have to suggest that Sgt Tungate has reached his final rung on the ladder of promotion."

His colonel said:

"Sgt Tungate is doing a good job . . . and I am very happy to have him here but in all honesty for the reasons stated above he has reached his ceiling."

Sergeant Tungate received a letter telling him that he would not be eligible for the allowance for lowered standard of occupation. It said:

"We have reviewed your case and have concluded that your pensioned disablement assessed at 40 per cent., does not make you permanently incapable of following your regular (service) occupation of"—

wait for it—

"clerk".

Later, the war pensions policy unit wrote to me as follows:

"Examination of Mr. Tungate's Service documents shows that at the time of his shoulder injury in 1985 his listed trade was that of Clerk, and that he had not been removed from duty on account of his shoulder or other injuries. The WPA therefore determined that his injuries had not prevented him from following his 'regular occupation' up to the time of his discharge"

in 1990, and that he was not eligible for the allowance.

A Royal Marines commando was described as a clerk! I suppose that clerking duties are involved; I suppose that a Royal Marines commando must keep an inventory of hand grenades, and make sure that the men have weapons, food and everything else that they need in order to fight—and, of course, he will be carrying his own weapon just in case it becomes necessary for him to fight back. To call him a clerk, however, is completely wrong. The person who arrived at that classification cannot have known about Royal Marines mountain and Arctic training, cannot have know what it is like to patrol the streets of Northern Ireland and cannot have seen the areas in the Falklands across which it was necessary for Royal Marines and others to yomp.

How can Mike Tungate be deprived of his allowance? I repeat that the Department's briefing notes say:

"Clearly, a marine commando who could not cope with training exercises would be eligible on discharge to ALSO (peak physical fitness being an essential prerequisite to such a job); in that case, it would be very unlikely that he would have retained his job."

Sergeant Tungate was so highly regarded that he was kept on, in a slightly different role, in the rear echelon. It may be that that act of kindness to him, because of his great quality, deprived him of his allowance. If that is the case, it is quite wrong.

I am absolutely sure that I know the answer in this case. A mistake was made when 13,500 cases were reviewed. The fact that Mr. Tungate continued to be defined as a clerk up to the end of his service led officials to believe that he had not suffered lowered standard of occupation. I am convinced that he had, and that there was a mistake.

The Minister has been provided with a brief, no doubt by the same team of civil servants who prepared the brief from which answers were given to me previously, but I say to the hon. Gentleman—whom I could almost, as a neighbour, call an hon. Friend—that there are cases in which Ministers need to read the brief and form their own decision. That is why we have Ministers and why he and not a civil servant is sitting there.

There has been an error, to the great loss of my constituents. They are fine men who have given devoted service. I plead with the Minister to reconsider and to restore to them the allowance for lowered standard of occupation.

10.15 pm

The Parliamentary Under-Secretary of State for Social Security (Mr. John Denham): I thank the hon. Member for Gosport (Mr. Viggers) for bringing this matter to the House and for his warm introductory words. He has a deep knowledge of service matters and represents a constituency with an unusually high proportion of service and ex-service personnel.

I pay tribute to those former members of the forces who have suffered disablement or death in the service of their country. I also acknowledge the invaluable work performed by the ex-service organisations in serving the interests of former service men and women. My Department keeps in close and regular touch with those organisations, as we recognise the importance of ensuring continuing awareness of feelings and concerns among the ex-service community. Indeed, my noble Friend Baroness Hollis, as the Minister with special responsibility for war pensions, met representatives of the ex-service organisations twice last month.

I would like to set this debate about one supplementary allowance into the context of the war pensions scheme as a whole. The scheme provides a number of allowances to supplement the basic war disablement pension, forming a wide range of financial provisions for disabled ex-service men and women.

Allowances are available in respect of age, unemployability and care and mobility needs arising as a result of war pensioned disablement. Most of the allowances are at preferential rates compared with social security counterparts and some are peculiar to the war pensions scheme. The scheme also provides pensions for the widows and other dependants of ex-service personnel whose death is linked to service.

The allowance for lowered standard of occupation is known in both the ex-service world and official circles by the abbreviation ALSO. I propose to refer to it as such during this debate.

The forerunner of ALSO, which is currently £40.44 maximum a week, was a special hardship allowance introduced in 1946. Its clear purpose was to compensate an ex-service man who, because of injury incurred as a result of service during the war, was unable to do the civilian job that he did before he joined up and had to settle for a job with less pay. The allowance was to help to bridge the gap between his current earnings and those that he had enjoyed in his pre-service occupation. In May 1948, the allowance was renamed the allowance for lowered standard of occupation.

The original allowance was to compensate world war two conscripts where pre-service careers had been adversely affected by their injury. From 1973, the law relating to ALSO was amended to provide for career service men. For those disabled due to service after 31 July 1973, the comparison is made with the pensioner's occupation in service, instead of his pre-service occupation. Under the change, it became necessary for the Secretary of State to determine what the ex-service man's "regular occupation" was while he was in service on whichever of three dates applies in the individual case. Those dates were the date his service wound or injury was sustained; or the day he was first removed from duty because of the disease on which the award is based; or if neither of the above occurred, the date he was discharged.

Subsequently, from April 1978, the conditions were further amended to widen the scope to include war pensioners whose disablement was due to service before 1 August 1973 and who had entered the forces straight from school or higher education after 2 September 1939 and before 1 August 1973. Those pensioners had previously been excluded from consideration of ALSO because they had no regular pre-service occupation.

From April 1997, a new award of ALSO may not be made where the claimant has attained the age of 65; nor may an award be made where the degree of disablement is assessed at less than 40 per cent. With those exceptions, ALSO may be awarded to the war pensioner whose war pensioned disablement is such as to

"render him incapable and likely to remain permanently incapable of following his regular occupation and incapable of following any other occupation which is of an equivalent standard and is suitable in his case".

The allowance is therefore designed to compensate the ex-service man who, because of his war pensioned disablement, is unable to follow his regular service trade or occupation and a civilian one of an equivalent standard. It is not intended to provide compensation solely on the ground that his earnings have reduced since leaving the forces. That is a situation often faced by ex-service men because service pay is based on the earnings of comparable civilian occupations, with the addition of what is generally referred to as the X factor in recognition of the special circumstances of service life.

I should explain at this stage that "regular occupation" is interpreted by the Secretary of State as the regular service job that the claimant was doing at the relevant time. It is important therefore that the precise service job is identified, in the same way as it is important for world war two conscripts to identify the precise job the ex-service man was doing as a civilian before he joined the armed forces. The "regular occupation" therefore is not simply "service man" but, for example, as the hon. Gentleman said, infantryman, electrician, weapons mechanic, cook, clerk, driver, pilot, navigator and so on.

Once the precise occupation is determined, consideration is given to whether the war pensioned disablement is such as to render the ex-service man incapable of following that regular occupation and one of an equivalent standard which is suitable for him.

The law does not define what is meant by the terms "equivalent standard" or "suitable", but the Secretary of State interprets that as meaning any other job with equivalent earnings and which is suitable for him taking into account his training, education, experience and physical and mental condition. I should stress that that is a generous interpretation. The earnings comparison is with the level of earnings in the regular service occupation, not with the level of earnings in a civilian equivalent job.

In 1994, it came to light that the legislative provisions for ALSO were being misinterpreted. Some awards had been incorrectly made. Consideration had been given only to whether the man's earnings in civilian life were less than his service wages and whether the man could now get back into service. That led to payments being made where relatively minor disablement had not had any effect on the pensioner's earnings potential or, in some cases, prevented continuation of the service career up to normal military retirement. No consideration had been given to

[Mr. John Denham]

whether the man's disablement itself actually made him incapable of following his service occupation. I am sure that the hon. Gentleman agrees that it is right that any payments are within the law.

In March 1995, the matter was brought to the attention of the Advisory Committee on War Pensions. It was explained that new awards would be made only where the pensioned disablement would prevent the war pensioner from following his regular service occupation and a suitable equivalent and that existing cases would be reviewed to ensure that existing awards were soundly based in accordance with the legislation. Some awards were eventually withdrawn from a common date of 3 April 1996. All those affected were given at least two months' notice of the withdrawal. None of the ex-service men affected had been discharged from the forces because of their service disablement. All had a full career or were made redundant. They were not asked to repay the money that they had received.

If a service man is invalided out of service on account of his disablement, it can normally be accepted that he is incapable of following his regular service occupation, and ALSO will be payable. That will also be the case if, because of the disablement, the pensioner was moved from his regular occupation to another job in the armed forces. On the other hand, if a service man completes his service engagement in the normal way despite some disablement, it is evident that it did not prevent him from following his regular service occupation and ALSO will not normally be payable. However, if there is subsequently a significant deterioration in the degree of disablement due to service, to the extent that it is judged that the disablement would then prevent him from following his regular service occupation, ALSO may be awarded.

I am aware of the hon. Gentleman's previous interest in this allowance, and in particular of the parliamentary question he raised with his party's Administration in March last year asking what discretion Social Security Ministers have on the payment of ALSO. The answer then, which still reflects the legal position today, was that the Secretary of State would pay the allowance when satisfied that the requirements for it in war pensions law are met.

I am also aware of the previous ministerial correspondence which the hon. Gentleman has had and of his contact with officials from the War Pensions Agency and with departmental headquarters about the cases of his constituents, Mr. Harding and Mr. Tungate. I shall now turn to the cases of those ex-service men.

Neither man was invalided or otherwise removed from duty on account of their pensioned disablements. On the contrary, both continued in their regular service occupations until their discharge on the normal completion of their engagements. I am advised that their respective disablements did not therefore affect their ability to carry out their regular service occupations. Mr. Harding was an air engineering artificer (mechanical) and Mr. Tungate was a clerk. The judgment has therefore been made that the legal requirements for entitlement to ALSO have not been satisfied. I am aware that both men's awards of ALSO were withdrawn as a result of the review exercise begun in 1994 to which I referred earlier.

The hon. Gentleman suggested that because Mr. Tungate was medically downgraded to modified commando as a result of his shoulder injury incurred in 1985, his promotion prospects were adversely affected. That may or may not be so, but the facts appear to be that Mr. Tungate's regular service occupation when injured was that of a clerk and that his injury did not prevent his carrying on in that occupation for the next five years until normal discharge in 1990, when he made his claim for war pension. If that is the case in the circumstances of Mr. Tungate's claim, the law on ALSO provides that the allowance could be awarded only if he was incapable, because of his war pensioned disablement, of doing the job that he was doing when injured.

The hon. Gentleman made the case that the identification of the occupation of clerk is not appropriate in Mr. Tungate's case. I have no reason to believe that my predecessors were anything less than punctilious in the examination of Mr. Tungate's position. None the less, the case has been made by the hon. Gentleman and I therefore undertake to look once more at Mr. Tungate's case and at whether the identification of occupation was correct, though I would not wish to prejudge the case or hold out any particular prospect of what the hon. Gentleman seeks.

The hon. Member also suggested that Mr. Harding's award of ALSO should be reinstated on the grounds of his occupation and, perhaps, of hardship. Mr. Harding was discharged from the Navy in 1986 and claimed a war pension in respect of his hearing loss in 1991, when his disablement was assessed at 6 to 14 per cent. He received a lump sum gratuity of £3,129 in respect of that disablement and was awarded ALSO following a claim made in 1992. It seems clear that he was able to do his service job with his disablement and the award of ALSO was therefore withdrawn from April 1996.

Mr. Harding has been advised that the Secretary of State has the discretionary power to reinstate the allowance in whole or in part and that the normal policy is to do so where withdrawal of the allowance would result in a real risk to the health of the pensioner or a dependant, or to keeping the family home. The War Pensions Agency has invited Mr. Harding to complete a form detailing his income, capital and commitments and reasons why he believes that the Secretary of State's discretion should exceptionally be exercised in his case, but I understand that he has not done so. I am, of course, in no position to say that he will be successful in getting his allowance restored if he does so.

I listened carefully to what the hon. Gentleman said. I am not convinced of the need to reconsider the matter, but if there is any further evidence on conditions or employment records that he wishes to provide, I will give the matter my further consideration.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Ten o'clock.

House of Commons

Thursday 3 July 1997

The House met at half-past Two o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

Oral Answers to Questions

TRADE AND INDUSTRY

Renewable Energy

1. **Mr. Hanson:** To ask the President of the Board of Trade if she will make a statement on her Department's policy towards promoting renewable sources of energy. [5203]

The Minister for Science, Energy and Industry (Mr. John Battle): The Government are undertaking a new and strong drive to develop renewable energy options, such as wind, water, solar and biomass, as a means of ensuring diverse, secure and sustainable energy supplies.

We are also examining the role of research and development to maximise the benefit to the economy of the emerging new environmentally friendly energy industries.

Mr. Hanson: I thank my hon. Friend for his comprehensive reply. Does he agree that the recently announced changes and the Fossil Fuel Levy Bill will go a long way to help promote renewable sources of energy? Does he agree also that renewable energy sources are one of the key features that the Government must achieve and secure to help them meet their laudable target of a 20 per cent. reduction in CO_2 emissions by 2010?

Mr. Battle: I thank my hon. Friend for his remarks. Yes, the targets are tough, but that is all the better in our drive towards renewables, which we see emerging as a contribution to our achieving the CO_2 targets. The renewable energy industries need a clear signal that there will be confidence in them as generators of energy in future. The purpose of the alterations to the fossil fuel levy is precisely to create space and more support for renewable sources of energy.

Mr. Evans: I support any promotion of the use of renewables, but will the Minister give an assurance that local people will always be consulted and taken heed of when any applications for the erection of wind turbines, especially in areas of beautiful open countryside, are made? Does the hon. Gentleman agree that, if we only diverted more money, perhaps away from subsidising some of the more inefficient ways of producing energy, into energy conservation in people's homes, we would be doing far more to ensure that the countryside is preserved for the enjoyment of everyone?

Mr. Battle: Energy efficiency and conservation are not incompatible with developing sources of renewable energy. Energy efficiency measures, as proposed by my right hon. and hon. Friends in the Department of the Environment, Transport and the Regions for example, are a positive way forward.

All the projects that go through for non-fossil fuel obligation support must have local consent and support. Some people oppose wind farms, but there is quite substantial opinion in favour of them among those who see them as a positive way forward. In international terms, we should not confine our attention to the turbine itself but think of the chain of engineering in a wind farm. It is a good product and it can win markets internationally.

Mr. Tipping: Will my hon. Friend examine the research into renewable and sustainable energy and extend it towards clean coal technology? Does he agree that coal faces a challenging time and that any help that we can give it to become a more competitive and environmentally sensitive source of fuel will be welcomed by coalfield communities throughout the country?

Mr. Battle: My hon. Friend has a record of championing cleaner coal technologies. Research has already been undertaken, and we are pulling it together. It is important that coal generation tackles noxious emissions such as sulphur and nitrous oxide. It is important to look to technologies to ensure that coal is burnt more cleanly and that there are not nasty emissions. We shall do all we can to assist in research and development and to bring the process to market. We shall also assist in ensuring that there is some space in future for coal and coal burning, while not jeopardising the environment.

Mr. Roy Beggs: Does the Minister accept that there are many small potential hydro sites, as yet undeveloped, throughout the United Kingdom? Will he give early consideration to the difficulties and costs that face those who seek to promote new, small hydro sites? Perhaps too much difficulty is being created by ill-founded objection at local level.

Mr. Battle: I am grateful to the hon. Gentleman for drawing my attention to that matter. We want to support small hydro schemes—that is part of the package of support for renewables. Hydro is eligible for NFFO as well. I should be grateful if the hon. Gentleman would give me details about difficulties with projects in his part of the world. If he does, I will see what can be done to assist.

Regional Selective Assistance

2. **Mr. Hinchliffe:** To ask the President of the Board of Trade what steps she is taking to review the criteria for regional selective assistance. [5204]

The Minister for Competition and Consumer Affairs (Mr. Nigel Griffiths): This will be addressed in my right hon. Friend's comprehensive spending review.

Mr. Hinchliffe: My hon. Friend is aware of the serious concern about the current calculation of unemployment

figures. When he considers the future criteria, will he take account of a recent report by Sheffield Hallam university which suggested that a significant number of unemployed people have been moved on to sickness-related benefits as a direct consequence of the previous Government's policies? When he looks at those criteria, will he have discussions with the Department of Health about the possibility of including a health profile of individual areas?

Mr. Griffiths: I want to ensure that regional selective assistance is based on reliable criteria. I know that my hon. Friend will want to pursue this point with the Department for Education and Employment and the Department of Health. I am sure that his work to date has contributed to the success of 19 companies in Wakefield in receiving offers of regional selective assistance to secure 820 jobs and in securing capital investment of £31.3 million.

Mr. Nicholls: Is the Minister aware of the concern that, very often, selective assistance does not so much create jobs as remove them from one part of the country, by a job-shuffling technique, to another? There is great resentment in areas such as Teignbridge that that is precisely what is happening to them. While I do not expect an answer today, will the Minister at least say that the review will consider whether real jobs are created or whether they are stolen from people who had them in the first place?

Mr. Griffiths: The maps were drawn up in 1993. Perhaps the hon. Gentleman should put his question to the right hon. Member for Henley (Mr. Heseltine), who was President of the Board of Trade at the time. He might be able to tell the hon. Gentleman why his constituency did not qualify. These matters are being addressed in the comprehensive spending review.

Mr. Barry Jones: Does my hon. Friend know that this form of assistance is ever more important to communities such as mine? Does he know that, in recent years, objective 2 status and development area status have been stripped away from my constituency? What prospect might there be of such status being awarded again?

Mr. Griffiths: I am sorry to say that I cannot give that assurance, but I know that my hon. Friend will seek to ensure that the best case is made for his area, where he has a reputation for championing local causes.

Post Office

3. **Mrs. Ballard:** To ask the President of the Board of Trade what guidance her Department has issued to the Post Office in respect of the protection of local services. [5205]

The Minister of State, Department of Trade and Industry (Mr. Ian McCartney): The Government are committed to a nationwide letter and parcel service with daily delivery to every address in the country, to a uniform and affordable tariff structure under which it costs the same to post a letter anywhere in the United Kingdom, and to maintaining a nationwide network of post offices. Detailed arrangements for the provision of postal services at local level are the operational responsibility of the Post Office.

Mrs. Ballard: People in my constituency, in Wellington in Somerset, have recently experienced a deterioration in the service at their local post office. They will be glad that the Minister is committed to a network of post offices, which I hope he agrees is vital to the survival of rural communities. This week, the chairman of the Post Office called for greater commercial freedom. In answering that request, will the Minister also ask the chairman to give greater commercial freedom to individual sub-post offices to allow them to negotiate with public utilities and others their own contracts to provide services to local people rather than having to be part of a block contract?

Mr. McCartney: I thank the hon. Lady for her comments about the post office in Wellington. On 10 July we arranged for Post Office representatives to meet town councillors, after which significant improvements to the arrangements in Wellington were agreed. The Post Office will have another meeting on 12 August, following which I have asked officials to keep the hon. Lady informed of progress. If, after that date, she is still not satisfied, she is more than welcome to contact me, and I will try to assist her to ensure that the Post Office meets the standards and requirements that our constituents deserve in their postal services.

With regard to the hon. Lady's second point, we shall ensure that the review takes account of the needs of users of Post Office services. The review's purpose is to ensure that, between now and the turn of the century and beyond, the United Kingdom will have the first-class service that its people deserve. I shall ensure that the hon. Lady's comments are included in the evidence that we are gathering as part of the review.

Mr. Mackinlay: Is not there a problem for all hon. Members in that the Post Office will always hide behind the fact that these are operational matters? Many hon. Members feel that there is a need to expand and increase the number of Post Office Counters outlets in their constituencies, but the franchises have already been given to particular people based on a geographical area. Many hon. Members want more outlets, but are impeded by the Post Office's claim that that is a matter for it rather than a matter of service delivery to the public.

Mr. McCartney: My hon. Friend should put the matter in perspective. With 19,000 outlets, the United Kingdom has the largest network of any postal service in the world. The Government suspended the Crown post office conversion as a matter of urgency; that was welcomed by both sides of the House. We did so to ensure that the conversion was considered in the context of the overall review, so that whatever decisions are taken at the end of the review will enhance the opportunities for the users of the services, rather than that the Post Office board should have its view and its view alone. The review is an open process and the points that my hon. Friend has made have been made to me by a range of people, including those in the postal service.

Mrs. May: The Minister has made a number of references to the review of the Post Office and its

services. I believe that it was originally intended that that review should be carried out immediately. When will that review be completed and its results made public? The Minister may be aware that this is a matter of particular interest to people in many constituencies, such as Maidenhead, who are concerned about the uncertainty that hangs over the future of their main post office.

Mr. McCartney: There is uncertainty in Maidenhead and elsewhere because the previous Government ran a campaign to undermine the Post Office for the purpose of privatisation, leaving us with a demoralised service. The review has commenced and, when appropriate, we will announce its decisions. The Government's recommendations, unlike those of the previous Government, will enhance the role of the Post Office as a publicly owned public service, not a privatised one.

South Africa

4. **Mr. Coaker:** To ask the President of the Board of Trade what action she has taken to promote greater trade with South Africa. [5206]

The President of the Board of Trade and Secretary of State for Trade and Industry (Mrs. Margaret Beckett): I have already met senior Ministers from South Africa to discuss trade promotion both in the context of bilateral trade and trade with the European Union. The Minister for Trade has also visited South Africa to discuss areas of co-operation.

Mr. Coaker: I thank my right hon. Friend for that statement, which I welcome because trade is the key to prosperity. Does she agree that the positive relationship that now exists between the new Labour Government and the South African Government is a key to that future prosperity and to creating jobs in South Africa and here in Britain?

Will my right hon. Friend also take this opportunity to congratulate the British Lions on their recent success? We look forward to that success being continued on Saturday. Does my right hon. Friend agree that such sporting contacts between our two nations help to develop trade?

Mrs. Beckett: I am very happy to have the opportunity to congratulate the British Lions, although whether that will have increased the warmth of feeling towards us in South Africa I am not entirely sure. However, I share my hon. Friend's wish to see continued British sporting success, which I think we all feel owes something to a new mood of confidence in our country.

I certainly share my hon. Friend's view that few things can do more to promote successful trade with South Africa, as with other countries, than a positive relationship of the kind we enjoy with the South African Government, and that that relationship is enjoyed within the context of a positive relationship towards the European Union. Better trading within a relationship with the EU is essential for South Africa's future, and we are working to that end.

Mrs. Gillan: Given that tourism is an important part of our trade with South Africa, does the President consider it damaging and prejudicial to the travel industry that the Minister for Competition and Consumer Affairs should make statements, as he did in Athens last weekend, which pre-empt the Monopolies and Mergers Commission investigation of that industry? What disciplinary action will she take over the Minister's conduct abroad?

Mrs. Beckett: I am not entirely sure that that arises directly from the issue of trade with South Africa. My hon. Friend did not take any action that would be damaging to British interests—one would not expect a Minister to do so. In the few short weeks we have been in office, he has done a great deal of work to promote British tourism and the cause of Britain in that context.

Gas and Electricity Supply

6. **Mr. Bercow:** To ask the President of the Board of Trade what progress her Department is making towards liberalising domestic gas and electricity supply markets. [5209]

Mr. Battle: The phased opening up of competition in the gas industry is well under way: it began in the south-west in April last year, it continued in Dorset, Kent, Avon and Sussex in February and March of this year, and the next stage of domestic gas competition is proposed to start on 1 November in Scotland and the north-east.

For electricity, the Government inherited a programme which was left in drift by the former Administration. Within weeks of taking office I sought and obtained reports from the Director General of Electricity Supply, the regulator, and discussed the way forward with the responsible parties and obtained their endorsement for the delivery of robust and successful competition in the electricity market in 1998. A timetable for the remaining work has been agreed. Although there is still much to do and very little time in which to do it, the Government look to the companies to play their full part in ensuring that robust, sustainable competition is introduced on time.

Mr. Bercow: I am grateful to the hon. Gentleman for that reply. Does the Minister of State who is responsible for competitiveness still hold shares or options in British Petroleum? If so, does that not mean that he is automatically prohibited from participation in ministerial discussions at the Department of important energy issues?

Mr. Battle: I know that the hon. Gentleman has not been here long and that our briefs are not long established, but he should know that I am not the Minister for competitiveness: my colleague in the other place is. But in so far as I understand the question, the answer is no: that does not prohibit him.

Utilities (Investment)

7. **Mr. Bernard Jenkin:** To ask the President of the Board of Trade what discussions she has had with utility regulators concerning the utilities' investment programmes. [5210]

Mr. Nigel Griffiths: Ministers have regular contacts with the utility regulators. The current review of utility regulation will cover a number of issues, including shortfalls in agreed investment plans.

Mr. Jenkin: Which of the utility regulators agreed with the Government that the windfall profits tax would not damage investment?

Mr. Griffiths: The Chancellor and my hon. Friend the Minister for Science, Energy and Industry have had a

number of discussions with the regulators. The windfall tax should have no impact at all on prices, investment, quality of service to customers, or employment. I shall send the hon. Gentleman a list of the utility regulators, since he seems not to have one.

Mr. Sheerman: Will my hon. Friend look carefully at the behaviour of some of the regional electricity companies—not just at their investment programmes but at their general behaviour in the regions? We have been used to good utilities supporting a range of investment in small businesses and much else in the community. I draw my hon. Friend's attention to the remarks of Mr. Klappa of South Western Electricity, which I thought were totally out of order.

Mr. Griffiths: My right hon. Friend the Secretary of State announced on Monday a review of utility regulation with a view to identifying best practice. That was greeted with the headline, "Beckett Backs Consumers".

Mr. Breed: Bearing in mind that the regional electricity companies are now selling gas, and that the gas companies, I suspect, will wish to sell electricity, has the Minister any plans to create an energy regulator instead of the two current regulators?

Mr. Griffiths: No options have been ruled out.

Small Businesses

8. **Mr. Amess:** To ask the President of the Board of Trade what recent representations she has received about measures to assist small businesses. [5211]

Mrs. Beckett: My hon. Friend the Minister for Small Firms, Trade and Industry has had a number of meetings with small firms representative organisations and my Department has received a large amount of correspondence from individual businesses covering a wide range of issues.

Mr. Amess: Following this morning's Budget breakfast meeting of small businesses in Leigh-on-Sea in my constituency, is the Secretary of State aware that many of those small businesses are deeply concerned about yesterday's changes to pension funds? They are also very worried about increased transport costs. Moreover, they are not convinced that any marginal decreases in corporation rates will offset the two increases in interest rates that have already been made and the probable further increase that has been dumped on the Governor of the Bank of England.

Mrs. Beckett: I can only say that I am surprised by the hon. Gentleman's claim that small businesses in his constituency are worried now. It was under the last Government that more businesses were going bankrupt than starting up; it was under the last Government that a series of burdens, such as the handling of sick pay and immigration, were dumped on small businesses; it was the last Government who ceased utterly to listen to small businesses. It was the present Government who yesterday took steps that will benefit 3.5 million small and medium-sized businesses, and that is what the hon. Gentleman cannot stand.

Ms Beverley Hughes: Does my right hon. Friend agree that the statutory right to be paid interest on late payments will be of enormous benefit to many small businesses? Is she yet in a position to give us some idea when the details of her proposal will be available?

Mrs. Beckett: We intend to publish a Green Paper before the House rises for the recess in order to take soundings on the best means of implementing the pledge. As I am sure my hon. Friend knows, more than 60 per cent. of small businesses have, in repeated surveys, put the case for such a move and we are anxious to press ahead as speedily as possible.

Mr. Redwood: In an age of more reviews than there are in the west end, I hope that there will at least be some certainty in the Department of Trade and Industry on competition policy. Will the right hon. Lady now tell the House whether she stands by all the remarks made by her junior Minister—the Minister for Competition and Consumer Affairs—at the recent Athens conference? Those remarks seemed to pre-empt a Monopolies and Mergers Commission inquiry into the travel trade, which is very important to small and big business. Is it true that the right hon. Lady has none the less removed her junior Minister from any consideration of that inquiry because he is speaking against her wishes and against Government policy? Business needs certainty. We do not want another review; we want disciplinary action from the President of the Board of Trade.

Mrs. Beckett: I am surprised that the right hon. Gentleman bothered to ask me that question. I am sure that he knows that I have already written to him explaining that he has been misinformed.

It is extraordinary that members of the Conservative party continue to protest about the notion of review and consultation. After all, it was their failure to consult and to listen to anyone else that put them on the Opposition rather than the Government Benches.

If I recall correctly, the right hon. Gentleman fought a leadership election on the slogan, "No change, no chance". Unless his party changes its policy, it has no chance.

St. Ivel Creamery, Rose-an-grouse

9. **Mr. Andrew George:** To ask the President of the Board of Trade what assessment she has made of the impact of the closure of the St. Ivel creamery at Rose-an-grouse on local industrial and economic development. [5212]

The Minister for Small Firms, Trade and Industry (Mrs. Barbara Roche): I fully recognise that the closure of the St. Ivel creamery must have an adverse impact on the economy of an area with already high unemployment. A task force of local agencies has been working on an assessment of the impact and on measures that might be taken in response to strengthen the local economy.

Mr. George: I thank the Minister for that answer. In view of the problems that the closure has created in west Cornwall—Cornwall already has high unemployment, the lowest average earnings in the country and very low gross domestic product per head—does the Minister agree that Cornwall should be making a strong case for objective

l status to the European Commission, which her Department should support? Does she also agree that, rather than just being listed in these papers, which have been placed in the Library today, Cornwall should be given priority for Nomenclature of Units for Territorial Statistics—NUTS—II status?

Mrs. Roche: I certainly share the concern about high unemployment in Cornwall and the loss of valuable jobs as a result of the closure. The Government office for the south-west and local agencies will continue to work closely with the local authority-led task force and we shall see what we can do to alleviate the impact. The Employment Service has granted major redundancy status, which will provide immediate access to training and job-seeking programmes for the employees who have been affected.

The hon. Gentleman raises the issue of the European statistical areas, commonly known as NUTS. He will be enthusiastic about the fact that the copy of the full set of proposals, which as he says has been placed in the Library, includes, among other things, the suggestion that Cornwall should be a separate NUTS level II area.

Textiles (Anti-dumping Levy)

10. **Mr. Stunell:** To ask the President of the Board of Trade what plans she has for an alternative to the anti–dumping levy for textiles. [5213]

Mr. Nigel Griffiths: Under the general agreement on tariffs and trade multi-fibre arrangement, we and other industrialised countries impose a range of quantitative restrictions on imports of textiles and clothing from certain supplying countries. In addition, we can impose other anti-dumping and anti-subsidy duties if necessary.

Mr. Stunell: Is the Minister aware of the catastrophic effect that the anti-dumping levy has had on textile firms such as Strines Textiles in my constituency? Some 18 months ago that company had 200 employees, but its market has been destroyed by the levy. The levy was recently lifted, but not before 40 per cent. of the firm's employees had gone. Another 42 employees were made redundant this week. This is an urgent matter. The levy did great damage, and I hope that the Minister will press hard for alternatives that can get such firms back into the market. If he is willing to meet a deputation of managers and workers from that firm, they will be happy to explain what needs to be done.

Mr. Griffiths: I deeply sympathise with the hon. Gentleman's constituents about what happened. For reasons of which I am sure the hon. Gentleman will be aware, the United Kingdom opposed the anti-dumping duties. Both sides of industry were unanimous in opposing them, since the UK market's major textile finishing sector uses imports. I shall be pleased to meet the hon. Gentleman and his constituents, or the appropriate Minister will meet them.

Libya (Sanctions)

11. **Mr. Dalyell:** To ask the President of the Board of Trade, pursuant to *Official Report*, column 1255, of 11 June, what representations she has received from Kevin Boyle of the British-Libyan interests group about opportunities for British companies in Libya; and if she will make a statement. [5214]

Mrs. Roche: Kevin Boyle of the British-Libyan business group has written to my colleague the Minister for Trade and to several colleagues in other Departments of State about trade with Libya.

Mr. Dalyell: Have the DTI lawyers had a sight of the evidence that the Crown Office claims to have, which is the root of all the trouble?

Mrs. Roche: As my hon. Friend will be aware, his question is a matter for Ministers at the Foreign and Commonwealth Office.

Mr. Letwin: In the light of the Minister's laudable concern about the fate of British companies in Libya and other emerging markets, would she care to distance herself from the remarks by the Labour MEP Mr. Howitt about the conditions under which employees and others are operating so far as BP is concerned, a company with which the Minister for Trade and Competitiveness in Europe had a long and distinguished association?

Mrs. Roche: It is difficult to ascertain from what the hon. Gentleman has said exactly what he is talking about. I make it perfectly clear to him that the Government are absolutely committed to promoting international trade and that we shall do as much as we can to ensure that all our businesses, both large and small, have the opportunities of expanding export markets.

Competitiveness UK Initiative

12. **Mr. Ernie Ross:** To ask the President of the Board of Trade if she will make a statement about her Department's Competitiveness UK initiatives. [5215]

Mrs. Beckett: On 4 June, I launched Competitiveness UK, a range of initiatives constituting a new partnership between government and business. I am planning a business summit at which I will publish an audit to provide an objective benchmark of the UK's performance in every factor of competitiveness.

Mr. Ross: I congratulate my right hon. Friend on the speed with which she has moved to deal with the inherently weak economy which she has inherited. *[Interruption.]* What response has there been from business and companies to her initiatives?

Mrs. Beckett: I am grateful to my hon. Friend. The business community has responded warmly both to the initial statement and to the invitation to attend the summit. I heard a sedentary intervention from the Conservative Benches to the effect that that is what the previous Deputy Prime Minister used to do. That is not true. He used to issue propaganda documents intended to tell business what a good job that Government were doing. We intend to work with business to produce a document that we jointly agree will further the competitiveness of Britain. That is quite a different matter.

Mr. Ian Taylor: The right hon. Lady should not be so smug because, in claiming that the word "competitiveness"

was invented after 1 May, she slights all those private sector companies that assisted in the previous Government's efforts to stimulate competitiveness in this country, particularly in the information and communication technology sector. Will she affirm that she intends, for example, to continue the foresight exercise, which the previous Government started and which is one of the great success stories of forward planning, to ensure that this country can compete in the key sectors of the global world economy?

Mrs. Beckett: I would not normally wish to be unkind to the hon. Gentleman, but, in view of his opening remarks, I have to say that I always thought that he had a degree in smugness. The notion that I would claim to have invented the word or, indeed, that I would tell British business how to be competitive is unfounded: I would not dream of doing such a thing.

Unlike the previous Government, we will also not simply instruct businesses about competitiveness or take credit for other people's achievements. We want a real partnership with business and we intend, through that partnership, to work to develop the foresight programme. As I am sure the hon. Gentleman will recall, I made it clear before the last general election that we did not disagree with some of the things that the previous Government had begun to do—under considerable urging from us—and that we would take forward such programmes and seek to build on and improve them.

Mr. Redwood: I am sure that the President of the Board of Trade would agree that, in this important work, it is crucial that every Minister should be seen to avoid any possible conflict of interest. Will she now tell the House, so that there is no doubt whatever, that the Minister for competitiveness has sold all his shares, cancelled all his options and severed all his business links with BP—otherwise industry will be worried about possible conflicts of interest?

Mrs. Beckett: First, my hon. Friend the Minister in the other place is not the Minister for competitiveness—I am—and he is pursuing these interests in Europe. Secondly, the matter that the right hon. Gentleman raises is one for the Nolan procedures. I do not know the details of the issue. I shall write to him about it.

Business Services (Rural Areas)

13. **Mr. Boswell:** To ask the President of the Board of Trade what steps she is taking to improve the Department's business services in rural areas. [5216]

Mrs. Roche: I am developing a wide range of measures to improve services to all small business—whether they are in rural or in urban areas.

Mr. Boswell: I thank the hon. Lady for that answer. Will she acknowledge that it is a matter of great importance that some 23 per cent. of the population now live in rural areas? In particular, will she bear in mind the importance of not getting business links too hung up on the size of firms, which typically is smaller in rural areas? Will she make use, wherever possible, of other institutions such as the Ministry of Agriculture, Fisheries and Food and the Rural Development Commission, and make the maximum possible use of distance and information technology?

Mrs. Roche: I certainly agree with much of what the hon. Gentleman says. Of course, he will know that it was under the previous Government, in which he was a Minister, that the RDC closed its business advisory service, so it is for this Government to pick up the pieces to ensure that business links become a world-class service and serve all businesses, whether urban or rural. We certainly recognise that there is a need for small businesses to be promoted in rural areas, and I will meet the Country Landowners Association, the RDC and others to ensure that that happens.

Mr. David Heath: Does the hon. Lady recall the excellent Adjournment debate yesterday initiated by my hon. Friend the Member for Roxburgh and Berwickshire (Mr. Kirkwood)? Does she also recall that one of the points that came through clearly was that the one thing that would help smaller businesses in rural areas is reform of the uniform business rate? Will she now ensure that that happens through her sister Department?

Mrs. Roche: I do recall that debate, to which the hon. Gentleman made a useful contribution. It was sad that there were not more hon. Members in the Chamber to take part in the debate. Certainly, the uniform business rate is a cause of great concern. We know what the "Your Business Matters" conference and the report compiled by the Institute of Directors had to say about that tax—which was introduced and operated by the previous Government, despite the tax being widely loathed. We are consulting business to see what we can do about it.

Regional Selective Assistance

14. **Mr. Fallon:** To ask the President of the Board of Trade if her Department's responsibility for co-ordinating regional selective assistance will be shared with regional development agencies. [5217]

Mrs. Roche: The Government's proposals on the role of the regional development agencies in relation to regional selective assistance will be considered during the current consultation process and set out in the White Paper to be published at the end of the summer.

Mr. Fallon: Will the Minister clear up the confusion over responsibility for regional assistance? Is she aware that, on Tuesday, the Prime Minister was unable to confirm whether the prime responsibility for regional aid lay with the hon. Lady's Department or with the Department of the Environment, Transport and the Regions? Would it not be extremely damaging if the new regional development quangos were allowed to outbid each other, with public money, for inward investment?

Mrs. Roche: Let me sort out the confusion which is clearly only in the hon. Gentleman's mind, as in fact there is no confusion whatsoever. It is something of a cheek for him to talk about quangos, when the Conservative Government, from which he had a brief five-year absence, introduced record numbers of quangos in a wholly undemocratic way.

The responsibility for the important area of regional selective assistance lies with the Department of Trade and Industry, because that Department is the interface between the business community and Government.

Mr. Gunnell: Will my hon. Friend confirm that regional selective assistance is, as she implied, often an important factor in investment? In her consultations with the Department of the Environment, Transport and the Regions about the setting up of regional development agencies, did she discuss the role of the Invest in Britain Bureau and the agencies in inward investment?

Mrs. Roche: My hon. Friend makes an extremely important point. Regional selective assistance, inward investment and the work of the Invest in Britain Bureau are all important. We very much welcome inward investment. The consultation process has involved the Confederation of British Industry, at regional level, and the chambers of commerce—and the interesting point that came out of the process was their enthusiasm for our proposals. The prospect of local partners coming together to promote regional economies has been very much welcomed.

Mr. Maclean: During the past few minutes the hon. Lady has rightly championed the Rural Development Commission. Will she now assure the House that she will not allow the new regional development agencies to subsume the role of the Rural Development Commission?

Mrs. Roche: I am sure that the right hon. Gentleman will want to know that representatives of the Rural Development Commission were present at the launch of the consultation process on the regional development agencies. Indeed, the RDC made a valuable impact, and it has been consulted fully on the process.

Inward Investment

17. **Kali Mountford:** To ask the President of the Board of Trade if she will make a statement on her policy on inward investment. [5220]

Mr. Ian McCartney: The Government welcome inward investment. It is important not only for the jobs that it brings to the United Kingdom but for the benefit that it brings to local economies.

The Department's Invest in Britain Bureau will continue to promote the United Kingdom for mobile international investment to ensure that we are the No. 1 location in Europe for investment from countries such as Japan, the United States and Korea.

Kali Mountford: I thank my hon. Friend for that answer. Is he aware that, when I was consulting small business in my Colne Valley constituency, I found that three quarters of small businesses had closed due to lack of investment? The lack of investment in large businesses has had a huge knock-on effect in Colne Valley. Will my hon. Friend assure me that the measures taken will improve the general trading conditions for small businesses in areas such as mine?

Mr. McCartney: I thank my hon. Friend for her remarks. After yesterday's Budget—a Budget for business and for jobs—there can be no doubt about the Government's priorities. One of our most important priorities is growth in development of small and medium businesses—unlike the priorities of Conservative Members, who spent 18 years undermining British business and jobs. In our first eight weeks in government, we have done more to develop British jobs and business than they did in the past two decades.

Mr. Spring: Why does the hon. Gentleman think that the United Kingdom has attracted by far the lion's share of European Union inward investment?

Mr. McCartney: Under this Government, we will improve on the previous Government's abysmal record—not only on inward investment but on investment in training and in infrastructure. At the end of our first five years in office, we will be able to look back with pride on what we have done to develop the United Kingdom. Conservative Members cannot do the same.

May Day Public Holiday

18. **Mr. Cohen:** To ask the President of the Board of Trade if she will make a statement in respect of her policy towards the May day public holiday. [5221]

Mr. Nigel Griffiths: I should tell the House that I have received suggestions for a name change—to Landslide day, to Victory day or even to Demolition day. As we have no wish to be triumphalist, however, we will keep it as May day.

Mr. Cohen: May I tell my hon. Friend that—because the previous Government seriously threatened to abolish it—I am delighted that he has agreed to save May day as a bank holiday? As there will be many more people in work under this Labour Government, would it not be right to celebrate May day as Workers Away day?

Mr. Griffiths: Of course May day has very deep roots as a spring festival. The early May day bank holiday is valued by many sections of our community.

Sir Sydney Chapman: Putting aside the hint of political ideology behind the question, in all fairness is there not a case for moving the relatively recently introduced May day bank holiday to another part of the calendar, to even out the numbers? Does the Secretary of State agree that it might be better to have the holiday on the Monday, or perhaps Friday, nearest Trafalgar day, for example, or a celebration closer to my own heart—All Saints' day?

Mr. Griffiths: As the hon. Gentleman has mentioned Trafalgar, I should tell him that one of the first changes that I made after taking over my office was to hang on the wall behind my desk a large original painting of the 1836 Waterloo banquet. Hanging that painting contrasts with a decision of his former colleague at the Department of Trade and Industry, who decided to hang several thousand pounds-worth of new drape curtains. As for the hon. Gentleman's initial question, the business community was strongly against such a suggestion.

Competitiveness

19. **Gillian Merron:** To ask the President of the Board of Trade what plans she has to consult industry about improving the competitiveness of British companies. [5222]

Mrs. Beckett: Competitiveness must be improved by a partnership between government and business. Therefore, in addition to current discussions, I am establishing a competitiveness advisory group which will be drawn mainly from the business community. That group and working parties will help me to develop policies for a new White Paper on competitiveness, which we hope will be published in early 1998.

Gillian Merron: I congratulate my right hon. Friend on taking very forward-looking and positive action, which will further enhance the success of companies such as European Gas Turbines, which is in my constituency of Lincoln. That company's success has been built on its ability to embrace change and partnership. Will my right hon. Friend confirm that the consultation has been welcomed by business as genuine consultation—which commenced when Labour was in opposition and is now proving that this Government are truly the Government of business?

Mrs. Beckett: I thank my hon. Friend. Like her, I welcome the success of European Gas Turbines, which has recently won two Queen's awards—one for exports and one for environmentally friendly technology. As she is well aware, the company has turned around its prospects in recent years and is showing increasing success. We are very appreciative of the support and interest shown by the business community in taking forward this work and believe that it is the kind of partnership that has turned that company around that can turn the country around.

Mr. Forth: Before the right hon. Lady proceeds any further with her consideration of competition and competitiveness policies, will she please sort out the confusion caused in the House this afternoon by utterly contradictory statements on the important issue of possible shareholdings held by her ministerial team, which might be in direct conflict with their responsibilities for the conduct of competition policy?

Mrs. Beckett: I have no idea why the Opposition are continuing to flog this matter. Such matters are to be handled and supervised according to the Nolan procedures, and I know that that process is taking place. The right hon. Member for Wokingham (Mr. Redwood) asked a string of questions on precisely how far that process has been taken, but I have to say, quite bluntly, that what all this questioning, pressure and concern tell me is not that the Conservatives are concerned about high standards of behaviour but that they are absolutely livid that a senior and widely respected British business man is a Labour Minister.

Post Office

20. **Dr. Tony Wright:** To ask the President of the Board of Trade if she will review the legal immunities of the Post Office. [5224]

Mr. Ian McCartney: The Post Office's immunity from contractual liability was granted by Parliament in the Post Office Act 1969. We have no plans to review the position.

Dr. Wright: I am grateful for that answer, but what would the Minister say to a constituent of mine who believes that his small business was eased out of existence by an error of delivery by the Post Office? He managed to get from the Post Office an acknowledgement of its error, but the Post Office refused to go to arbitration and shelters behind its immunities. Surely, in an age when we pay attention to consumers and users of services, we have to re-examine the immunities enjoyed by the Post Office. Will the Minister agree to do that?

Mr. McCartney: No. I made it absolutely clear that there is to be no review of that point. Seventy-two million items are handled per day, there is unrestricted access to 100,000 pillar boxes and there are 19,000 post offices, but only a tiny fraction of the mail posted is claimed not to be delivered. I believe that my hon. Friend wrote to me about the case that he has just cited, and I sent him a detailed report. If this is not the same case, I ask him to send me further details, and I shall consider any new points.

Mr. Leigh: Given that the sale of the Post Office would raise at least as much as the Chancellor gave to schools and hospitals yesterday, and given that the sale would relieve the public of some of the traditional immunities that militate against their interests, what is the point of principle that decrees that the ultimate monopoly, water, should be privatised under a Labour Government and should be operating successfully and taxed, but that the Post Office should not be privatised and the Government will not even consider the concept?

Mr. McCartney: First, the hon. Gentleman was a Minister, but he could not even persuade other Conservative Members about this particular privatisation. Secondly, we have just had a general election in which the Conservative party stood on a platform of privatisation and had its worst defeat in history, and rightly so. We are proud of the fact that the Post Office will remain a publicly owned body providing public services. The review that is taking place is about enhancing the public role of the Post Office, not about privatisation.

Post Office

22. **Mr. Pickthall:** To ask the President of the Board of Trade if she will make a statement on her Department's policy towards improving the competitiveness of the Post Office. [5226]

Mr. Ian McCartney: Do you think I might have a little rest, Madam Speaker? I have been up and down, up and down. *[Interruption.]* Bring back Ken—at least he is funny.

Our policy is to ensure that the Post Office continues to provide a comprehensive and efficient range of postal services that meet customers' needs, represent good value for money and achieve a high quality of service standards.

Mr. Pickthall: When my hon. Friend discusses modernisation and competitiveness with the Post Office, will he impress on it the need to do something about some of its appalling employment practices, which, among other problems, are holding back its modernisation and increased competitiveness?

Mr. McCartney: The Government want to ensure good employment relationships in the Post Office—such relationships have not existed in the recent past. That needs to be changed. The Post Office needs co-operation and partnership. Trade unions must realise that management has to manage, but on a co-operative basis. The necessary changes to ensure that the Post Office remains at the cutting edge of international competition will require employers and employees at the Post Office to come together with a common approach and a common objective. When that is achieved, there will be security of employment for postal workers and the decisions on the future of the Post Office will be made on the basis of co-operation, not division.

Mr. Lansley: Will the Minister give an undertaking that there will be no cross-subsidisation between the protected services of the Post Office and those areas in which it has greater commercial freedom? Is it the Government's intention not to increase the Post Office's negative external financing limit beyond 50 per cent. of its profits?

Mr. McCartney: The purpose of the review is to examine those issues. When we have done so, we shall make a statement to the House.

Dr. Iddon: Is my hon. Friend aware that a modern and expandable postal sorting office at Wingates in Bolton is due for closure, affecting 400 jobs—many belonging to my constituents? Is he aware that that decision came out of the blue for the work force? Is he able to put pressure on the Post Office Royal Mail management to set up better lines of communication with the work force?

Mr. McCartney: I think that my hon. Friend knows that I am aware of that, because I was at the meeting when we discussed the issue. I gave a commitment to Members of Parliament from the north-west and wrote to all hon. Members from the area, from all parties, a detailed note about the proposed changes to the north-west's postal arrangements and investment plans. I have made it clear to them that I am available to consider and discuss with them matters pertaining to or impacting on their constituencies. I cannot be more fair and open than that.

Imported Toys (Safety)

24. **Mr. Paice:** To ask the President of the Board of Trade what actions she is taking to improve the safety of imported toys. [5228]

Mr. Nigel Griffiths: The safety of all toys is controlled by the Toys (Safety) Regulations 1995, which set comprehensive safety standards. Trading standards officers have the necessary powers to take appropriate action if they consider a toy to be unsafe.

Mr. Paice: I thank the Minister for that response, which confirms the written answer that he gave me earlier this week.

Mr. Griffiths: That is helpful.

Mr. Paice: It is indeed helpful, and somewhat surprising. Does the Minister recall that, earlier this year, when he was on the Opposition Benches, he issued a press release condemning the standards of imported toys and calling for radical changes? Why does he say something different in government from what he said in opposition?

Mr. Griffiths: Because the first people I had into the Department of Trade and Industry after I became a Minister were representatives of trading standards officers. We sat down with the Local Authorities Co-ordinating Body on Trading Standards, which has agreed on the powers that it needs to take action. We have backed up what we wanted in opposition by what we are doing in government. Conservative Members will be interested to hear that I have also had dialogue at the Department with representatives of the leading retailers—the four major supermarkets—who told me that they had never been in the Department before because they were never invited by that lot over there.

Mr. Pike: Is it not a fact that, this Christmas, parents will welcome the steps that have been taken to reduce the risk of dangerous toys being imported? Year after year, hon. Members have had complaints from parents about the danger posed by those toys.

Mr. Griffiths: Absolutely. As my hon. Friend knows, I have worked closely with British toy and hobby manufacturers and other British manufacturers and importers. I intend to issue advice to consumers on buying appropriate and safe toys in time for the Christmas toy-buying season this year.

Car Industry

25. **Mr. Prior:** To ask the President of the Board of Trade if she will make a statement on the United Kingdom car industry. [5229]

Mr. Battle: From 1995 to 1996, UK car manufacturers' output increased by 10 per cent to 1.7 million, although overcapacity throughout the European industry remains a matter of concern. There has been some increase in exports which is welcome.

Mr. Prior: Why have we in the United Kingdom attracted so much foreign inward investment over the past 19 years?

Mr. Battle: On 12 June this year, Ford met the Prime Minister and announced investment here which was welcomed by my right hon. Friend the President of the Board of Trade. There will be investment of £40 million. Investment is coming into this country, Britain is a highly competitive location and the skills, hard work and dedication of the work force have attracted the investment they deserve.

Business of the House

3.30 pm

Mrs. Gillian Shephard (South–West Norfolk): May I ask the Leader of the House to give the business for next week?

The President of the Council and Leader of the House of Commons (Mrs. Ann Taylor): The business for next week will be as follows:

MONDAY 7 JULY—Conclusion of the Budget debate.

TUESDAY 8 JULY—Remaining stages of the Local Government Finance (Supplementary Credit Approvals) Bill.

Remaining stages of the Local Government (Contracts) Bill.

WEDNESDAY 9 JULY—Until 2 pm, there will be debates on a motion for the Adjournment of the House.

Opposition day [2nd allotted day].

There will be a debate on pensions on an Opposition motion.

THURSDAY 10 JULY—Second Reading of the Finance Bill.

FRIDAY 11 JULY—Debate on the information society on a motion for the Adjournment of the House.

MONDAY 14 JULY—Proceedings on the National Health Service (Private Finance) Bill *[Lords]*.

It may also be helpful to hon. Members if I tell the House that the Finance Bill will be published in draft form tomorrow and will also be available from tomorrow on the Internet.

Mrs. Shephard: I thank the right hon. Lady for her statement. I also thank her for her acceptance last week of our representations about the days needed for adequate debate of the Budget statement and for the fact that she has made it clear that the Finance Bill will be available shortly in draft form.

The right hon. Lady would be the first to agree that her Government attach great importance to the Budget. She will also agree that many of its proposals are complex and will lead to a complex Finance Bill on which financial institutions and others outside the House will expect to be consulted. Indeed, as she stated in her memorandum to the Select Committee on Modernisation of the House of Commons,

"the quality of legislation can often be improved by consultation with informed opinion on both the substance and the drafting of legislative proposals".

It is because of the right hon. Lady's stated views on the importance of consultation that I press her on her plans for the Committee stage of the Finance Bill. Would she like specifically to refute the suggestion that she plans for the Committee stage of the Bill to be a disgracefully and unprecedentedly truncated process which will precisely prevent the very consultation with informed opinion to which she aspires in her memorandum? I am sure that she wishes there to be no inconsistency between what she says and what she does in the House.

On another matter of great importance to the House, will the right hon. Lady confirm, in view of the courteous invitation from the Minister for the Armed Forces to all colleagues to express their views on defence issues, that there will be adequate opportunity for hon. Members to debate defence matters in advance of the strategic defence review, bearing in mind the fact that, at this time of the year, the House would normally expect to have five days of debate on defence affairs?

Finally, in respect of a matter on which I have given the right hon. Lady notice, will she refute the suggestion in *The Scotsman* on Saturday that, the work of the Select Committee on Modernisation of the House of Commons notwithstanding, she intends, with the co-operation of other Opposition parties, to refer debate in Committee on referendum and devolution matters to a Committee upstairs, thereby disregarding and, indeed, flouting the convention that debate on constitutional change should be on the Floor of the House?

Mrs. Taylor: I am pleased to accept the thanks of the right hon. Lady in respect of the length of the Budget debate and the publication of the draft Finance Bill tomorrow. It is the first time that the Bill has been available in that way and it is a step forward.

In respect of the time available for consultation, the right hon. Lady suggests that we might like to be consistent. I remind her that, in the 1987–88 and 1983–84 Sessions, the gap between the publication of the Finance Bill and its Second Reading was exactly the same as I am proposing.

Mrs. Gillian Shephard *indicated dissent.*

Mrs. Taylor: The right hon. Lady shakes her head, but I can provide her with details of the exact dates if she so wishes.

In respect of the Committee stage, we shall have further discussions through the usual channels. So far, we have accommodated the Opposition's requests, and if we can reach agreement on the Committee stage, so much the better.

With regard to a debate on defence, some weeks ago I made it clear that I thought it inconceivable that we would get too far into the parliamentary year without debating defence. The right hon. Lady also asked me to be consistent in that respect. I have said that we ought to consider the setpiece debates that are sometimes not very well attended, but I accept the need for a defence debate, and we certainly have not ruled that out.

I thank the right hon. Lady for bringing the article in *The Scotsman* to my attention earlier today. I can confirm what I told her privately—that the story is wrong.

Mr. A. J. Beith (Berwick-upon-Tweed): Will the Treasury and Civil Service Select Committee be appointed next week? Does the right hon. Lady recognise that, if it is not, the Finance Bill will proceed without the usual detailed questioning of the Chancellor of the Exchequer, the Governor of the Bank of England and the Chief Secretary to the Treasury which normally informs such debates?

In respect of the National Health Service (Private Finance) Bill, which we are now not taking next week, does she recognise that it is a bad principle to deal with all the stages of a Bill on the same day, and that it makes

for bad law making? When she makes arrangements for it to be considered, will she ensure that the stages are separated?

Mrs. Taylor: We are trying to make progress. We have been discussing the establishment of Select Committees with minority parties as well as Opposition parties, and we will be ready to act in the very near future.

The hon. Gentleman will know that the National Health Service (Private Finance) Bill started in the Lords and has undergone scrutiny there. There is a great deal of agreement among hon. Members on its principles and effects, and it would be reasonable to make a great deal of progress on a rapid time scale.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich): Does my right hon. Friend acknowledge that the previous Transport Select Committee did a great deal of detailed and informed work on urgent matters? Can she assure me that its successor will be set up very soon and that it will have the full co-operation of the Government in carrying out exactly the same tasks, which are urgently needed in the transport sector?

Mrs. Taylor: My hon. Friend has an outstanding record of contribution to that Committee. I am sure that the new Committee will operate on a similar basis to its predecessor, which did a great deal of outstanding work.

Mr. John Wilkinson (Ruislip-Northwood): The Leader of the House will be aware that the transport Department has been conducting protracted negotiations with United States authorities on the renewal of a UK-US air service agreement, involving also the European Commission and touching on such crucial questions as gateways into the US, cabotage of British carriers in the US, slots at Heathrow, and above all, the proposed BA-American Airlines alliance. We have so far had only a written answer on these matters from the Government—no debate, no statement on progress. May we have an early debate? If the Government refuse, at the very least may we have a proper statement and question and answer session when decisions are reached?

Mrs. Taylor: There are no plans for a debate at the present time. Should a statement be thought necessary, one will be made.

Mr. Dale Campbell-Savours (Workington): May I gently press my right hon. Friend once again for a debate on the disposal of nuclear waste, which would allow us to discuss not only Nirex and its future programme but Beaufort's Dyke?

Mrs. Taylor: I do not see a prospect of an early debate. On Beaufort's Dyke, I think that my hon. Friend will acknowledge that the Government made the information that came to them available as quickly as possible and acted with all speed on the matter in order that there should not be too much alarmism surrounding the issue.

Mr. Desmond Swayne (New Forest, West): The provisions announced yesterday for the windfall tax and advance corporation tax are very complex. I do not believe—and it has not been my experience in the past—that the timetable that the right hon. Lady has announced is sufficient for the House and, indeed, the financial community to scrutinise the measures properly. Will she reconsider?

Mrs. Taylor: I am confident that the very popular Budget, with all its provisions, which was announced yesterday, can be properly scrutinised, and that we can establish an appropriate timetable for doing so.

Mr. Harry Barnes (North-East Derbyshire): New Members are quickly and efficiently getting used to our procedures. Will they not therefore get a shock to find that, when we come to a recess, after being elected Members of Parliament they become Members without a Parliament for about 12 weeks? Can something be done to improve the arrangements by which they can check the Executive in that period—by, for instance, allowing parliamentary questions to be tabled and answered, and early-day motions to be tabled?

Mrs. Taylor: My hon. Friend has raised an important issue. I have commented on such issues in the past. It is appropriate that the Select Committee on the Modernisation of the House of Commons should look at both the problem that he has raised and the possible solutions that he has posed.

Mr. William Cash (Stone): The right hon. Lady dodged a number of questions yesterday in relation to the private notice question. Will she deny that the report in the *Financial Times* referred to a "senior member of the Government", who had—

Madam Speaker: Order. We had a debate on that yesterday; I allowed a private notice question. Is the hon. Gentleman asking about next week's business, because that is what business questions are for? We have touched on new Members getting into habits; we are getting into bad habits in Question Time. I now want a business question from Mr. Cash.

Mr. Cash: Will the right hon. Lady allow a debate on whether a "senior member of the Government" was disclosed in the *Financial Times* as having divulged Budget secrets in advance of the Budget statement yesterday?

Mrs. Taylor: No case has been made for a debate on that matter.

Mrs. Alice Mahon (Halifax): Given the massive increase in crime during the past 18 years of Tory rule, does my right hon. Friend know whether our right hon. Friend the Home Secretary intends to do anything to help victims of crime, and whether he will be making a statement in the near future?

Mrs. Taylor: I know that my hon. Friend and many colleagues have made representations about the victims of crime. My right hon. Friend the Home Secretary is providing an extra £1 million to Victim Support, which I know will be of assistance to people who live in my hon. Friend's constituency and, indeed, in mine, which is very close by.

Mr. Nicholas Soames (Mid-Sussex): Did the right hon. Lady yesterday hear the unfortunate and infelicitous

[Mr. Nicholas Soames]

remarks of the Chancellor of the Duchy of Lancaster about people's alleged lack of confidence in British food? Does she agree that we should have a debate to celebrate the fact that the British food industry and the British farming industry are two of our most successful and dynamic industries? The changes that are likely to be made by the new, so-called food safety agency will not help safety or the expansion and dynamism of one of our great industries.

Mrs. Taylor: I know that the hon. Gentleman regards himself as an expert on the food industry. [HON. MEMBERS: "He is the food industry."] He may well be an expert on it. I doubt whether the Chancellor of the Duchy of Lancaster made any unfortunate remarks and I am sure that all he said was well founded. The proposed food standards agency has an element of cross-party support and I hope that the hon. Gentleman will consider the positive contributions that such an agency could make.

Mr. David Winnick (Walsall, North): Will my right hon. Friend make arrangements for Sir Gordon Downey's report to be debated next week? If the Standards and Privileges Committee is to deliberate first, will there be a chance to debate the report before the House rises for the summer recess? Does my right hon. Friend recognise the sheer importance of the matter? If the report is critical of some Members when it is published at 4 o'clock today, will any sanctions will be imposed? There may be a problem because the people involved are ex-Members, but we need a statement from the Government.

Mrs. Taylor: My hon. Friend is right to say that the matter is important and, of course, the report will be published at 4 o'clock. It will be a report on Sir Gordon Downey's findings, but it will not be a report on the conclusions that may be reached by the Committee. It would be inappropriate to have a debate on the findings before the Committee has had time to consider them.

Mr. Edward Leigh (Gainsborough): Will the Leader of the House confirm that, at some suitable moment, we will have an opportunity to discuss Hong Kong and its progress towards democracy, following the handover this week? Will she take a few moments to pay tribute to the former Governor, Chris Patten, whose humanity and dedication to the democratic principle are a credit to himself and our nation?

Mrs. Taylor: I am sure that Conservative Members will be watching carefully what they each say about the former Governor of Hong Kong, with an eye on the future of their party. He certainly conducted himself well this week and was obviously moved by the situation. A debate on Hong Kong will be appropriate on future occasions, and my right hon. Friend the Foreign Secretary has made it clear that he will visit Hong Kong again before too long and that he intends to keep a close eye on the situation there.

Ann Clwyd (Cynon Valley): I am sure that my right hon. Friend will agree that we have had little political or public debate on NATO enlargement in advance of the Madrid summit next Tuesday. While I recognise that there is no time for a debate beforehand, may we have a statement following the summit, because the House will eventually be asked to ratify the proposals?

Mrs. Taylor: If there is need for ratification, that will bring the matter before the House. I am glad that my hon. Friend understands the pressures on time in the House and that it will not be possible to have a debate in the near future. There has been much public debate on the matter and general support for the direction in which NATO is moving.

Mr. Eric Forth (Bromley and Chislehurst): Will the Leader of the House reconsider the extremely short time between the Budget debate and the Second Reading of the Finance Bill? While it may be flattering that she chooses to quote precedent from the practice adopted by the previous Government, did she not listen to the points made by my right hon. Friend the shadow Leader of the House? There is an apparent contradiction between the Leader of the House's aspirations for more lengthy and effective consideration of legislation and the over-hasty progress of the Finance Bill in all its complexity. Will she reconsider the issue in the light of her comments and aspirations?

Mrs. Taylor: If the right hon. Gentleman wants us to put our heads down and never consider change, we can do it that way and not come up with proposals for improving things in future on other parts of legislation. I believe that we should change things. That is why we have established the Select Committee on Modernisation of the House of Commons.

We could have had a Budget in June on which there had been less consultation. We would probably have had more complaints in those circumstances. The time between publication of the draft Bill tomorrow and the debate on Second Reading is no less than on the other occasions that I quoted earlier. What is more, as some Opposition Members have said, the Budget yesterday was not a full Budget but a halfway house, even though its proposals are very important for many people.

Mr. Paul Flynn (Newport, West): When may we have a debate on early-day motion 188?

[*That this House is concerned that the Fraud Squad raided the premises provided by Corporate Services Group to the Leader of the Opposition in his leadership campaign; and calls on the Leader of the Opposition to make a statement to the House on any benefits he has received from the Corporate Services Group and to explain his reasons for retaining the £20,000 gift from Mr. David Steene, Managing Director of the notorious City Mortgage Corporation.*]

It relates to the financial sums given to hon. Members for campaigns in leadership elections. It is clear from early-day motion 164 that certain of the sums given to one candidate in the campaign came from a dubious source. Back-Bench Members have to declare the sums that they receive. Is it not far more important that possible leaders of parties should have to declare which organisations have tried to buy influence with them?

Is my right hon. Friend aware that some hon. Members have declared the sums that they received, but that the right hon. Member for Wokingham (Mr. Redwood) continues to

refuse to declare who paid into his fund? Is it not right that Parliament should know that elections for Leader of the Opposition are not funded by crooks or lubricated by sleaze?

Mrs. Taylor: My understanding was that the candidates in the recent leadership election had consulted Sir Gordon Downey about disclosure. I trust and hope that they have followed his advice. If my hon. Friend believes that that is not the case, he should take that matter up with Sir Gordon Downey.

Mr. Quentin Davies (Grantham and Stamford): The right hon. Lady may recall that I have been a supporter for some time of holding Special Standing Committees as a rule before the Standing Committee stage on complex major legislation. Does she agree that Finance Bills are suitable for Special Standing Committees in view of their complexity and their great economic importance? Does she agree that it would be a great shame if we did not take the opportunity to hold such a Special Standing Committee before the Committee stage of the Finance Bill? If it really cannot be arranged on this occasion, will she at least ensure that there is the opportunity for proper consultation with outside bodies once the Finance Bill has been published in draft?

It is no use saying that there was consultation between the Government and certain outside bodies when no one knew what the Finance Bill would contain. If we are to have good legislation and proper open government, to which I know that the right hon. Lady is committed, there can be no substitute for consultation with outside bodies and the generality of taxpayers once the draft Finance Bill is available.

Mrs. Taylor: The hon. Gentleman supports Special Standing Committees and I know that he has given a great deal of consideration to how the issues might be dealt with. I am glad that he acknowledges that a Special Standing Committee is not appropriate or possible on this occasion. As he follows these matters closely, he will know that various Committees, including the Procedure Committee, have come up with suggestions about how the Finance Bill and other Bills might be managed and how the Finance Bill might be split in future. That is a matter which the Select Committee on the Modernisation of the House of Commons is examining on a long-term basis.

Mrs. Betty Williams (Conwy): While I hope that the whole House welcomes the announcement in the Budget yesterday of much-needed support for the British film industry, I am especially interested in the Welsh film industry. Can we hope to have a statement soon on the Welsh film industry? *[Interruption.]*

Mrs. Taylor: I would have thought that the entire House would welcome measures to support the film industry. I am surprised that some Opposition Members clearly do not. I know that the arts in general are important in Wales and that the film industry there has had some success. I am sure that my right hon. Friend the Secretary of State for Wales will ensure that Wales gets a fair share.

Mr. Keith Simpson (Mid–Norfolk): May I ask the Leader of the House to firm up her answer to the question of when we might have a defence debate? Many of us have been in correspondence with the Secretary of State for Defence on this subject, and so far he has avoided giving any commitment. It is an important issue to many of us because, even as we talk in the Chamber, we have constituents who are literally in harm's way in Northern Ireland, Bosnia and elsewhere. Surely it is reasonable to ask for a major set-piece debate on the subject, and certainly before Christmas. The right hon. Lady has said that she has not ruled out such a debate. May I ask her firmly to rule it in?

Mrs. Taylor: I have said that I think that there is every prospect of a debate, and possibly within the time scale of which the hon. Gentleman is talking. It is, of course, always possible for the Opposition to use one of their days for such a debate.

Mr. Lawrie Quinn (Scarborough and Whitby): Does my right hon. Friend have any proposals for the further modifications to the Lobbies? I think that the modifications to the Clerks' Tables in the Lobbies—

Madam Speaker: Order. I am sorry. The hon. Gentleman's question might well be put to the Leader of the House when the right hon. Lady answers questions wearing her hat as Leader of the House and President of the Council. The question does not relate to next week's business. I am trying to be helpful. I understand new Members' enthusiasm.

Mr. Andrew Miller (Ellesmere Port and Neston): In the light of recent press releases from the Department of Health, may we have an early statement on the desirability for more openness in national health service trusts, and especially on the desirable suggestion of making trust boards open to the public?

Mrs. Taylor: My hon. Friend is right to raise an important issue. The Government want to see as much transparency as possible in all areas. To force trusts to hold their meetings in public would require a change to regulations. My right hon. Friend the Secretary of State for Health has plans to introduce such a change when practicable. In the meantime, my right hon. Friend and, I think, all of us hope that the trusts will enter into the spirit of what we are trying to achieve and will make their meetings open to the public so that local people can ensure that health trusts are serving local needs.

Mr. Nigel Evans (Ribble Valley): Will the Leader of the House find some time shortly to discuss the Government's drug policy? I know that she leads a committee that co-ordinates Government policy on this issue. Has she seen early-day motion 112?

[*That this House notes that a year after the appointment of General McCaffrey as America's Drug Czar, statistics prove that teenage drug abuse is soaring, reports of drug-related corruption have multiplied and the cities of New York, Philadelphia and Los Angeles have suffered startling jumps in use and overdoses; observes that the Drug Czar has been called a 'drugs nanny and a disaster'; and urges the Government not to repeat America's mistakes by creating a Drug Czar but to set up a Royal Commission to consider alternative policies.*]

In the light of that motion, will the right hon. Lady reassure the House that the committee that she leads will not be suggesting that the Government do not introduce a drugs tsar?

[Mr. Nigel Evans]

Secondly, will the right hon. Lady confirm that there will be no reconsideration of the legalisation of drugs, whether they be hard or soft?

Mrs. Taylor: I think that the hon. Gentleman knows that I have paid tribute to the work of my predecessor in this respect. We intend to appoint a drugs tsar. We intend to go ahead with that policy and to ensure that the Cabinet sub-committee on drugs misuse has an important part to play in the fight against crime. I hope and trust that, as was suggested by the hon. Gentleman, rather than some Opposition Members below the Gangway, the issue can be approached on a non-party political basis.

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East): Given the Tory government's miserable record on low pay after running the country for 18 years, will my right hon. Friend make a statement on the progress of the low pay commission? The matter will be of particular interest to my constituents because, after 18 years of Tory Government, one in seven of them is earning less than £3.50 an hour. Will my right hon. Friend make a statement on the matter?

Mrs. Taylor: My hon. Friend will know that we are making preparations for the establishment of the low pay commission. Applications for membership of the commission have been invited and advertised publicly in both the national and local press. I think that the closing date will be reached in about 10 days' time. We intend to establish a balanced commission. I think that that will put us in a strong position to meet our manifesto pledge.

Mr. Andrew Robathan (Blaby): Will the right hon. Lady make time next week, or in the very near future, for a proper debate on Northern Ireland? She will be aware that, on Monday, a debate on Northern Ireland lasted for only 90 minutes. This is a very important time in the peace process and, indeed, for security, so will she explain why the debate on the extension of direct rule was reduced from three hours, which we had last year, to 90 minutes this year? The House started the Adjournment at 5 minutes past 7, so there was lots of time.

Mrs. Taylor: There have been three debates on specific issues related to Northern Ireland in the past few weeks. The hon. Gentleman's complaint might be valid if there had been some artificial means of curtailing that debate, but that was not the case. When debates on Northern Ireland are required, those debates take place in the House, as do statements. Again, it is one of the areas where there can be some cross-party agreement on how to treat very sensitive and difficult issues.

Mr. David Borrow (South Ribble): Before being elected to the House, I was heavily involved in a single regeneration budget bid for the Greater Deepdale area of Preston. Discussions are taking place for a cross-border bid involving Preston and South Ribble. Can my right hon. Friend say when the next round of bidding will start?

Mrs. Taylor: I cannot, of course, comment on any bid from my hon. Friend's constituency, however high the quality of that bid may be, but I anticipate that my hon. Friend the Minister of State who is responsible for this matter will shortly announce the fourth round of SRB bidding and will announce the criteria to be adopted. As I said, I cannot comment on the individual bid from my hon. Friend's area, but the procedure will be laid out shortly.

Mr. Bernard Jenkin (North Essex): Can the right hon. Lady tell the House what lies behind the rather unseemly rush with the timetable of the Finance Bill? Could it be that she does not want us to spend too much time discussing the mammoth raid on pensions in the changes to advance corporation tax, or is it that none of the utility regulators support the principle of the utilities tax and that they think that it will harm investment in the utilities? The stifling of dissent and debate on controversial issues is becoming something of a hallmark of the way in which she conducts her responsibilities.

Mrs. Taylor: I think that it is quite important that we press ahead as quickly as possible with very positive measures to employ unemployed youngsters and many people who have been unemployed for a very long time. I also think it very important that we press ahead with some of our specific commitments in the manifesto, such as the reduction of VAT on fuel. I can understand why Opposition Members are not happy with those measures. It is because those measures are extremely popular with the country.

Mr. Andrew Mackinlay (Thurrock): Does my right hon. Friend recall that, last week, I requested that the House of Commons Commission should meet to address, among other things, a number of pressing industrial relations problems for which, ultimately, all Members of Parliament are responsible? When will the Commission—and the other relevant Committees—meet to deal with those matters and throw some light on something that I have learnt about since last week: the reorganisation of our Post Office, including the extinguishment of the century-old post of postmaster? That office will disappear, but, more important, so will the function. There are ramifications for all of us. These matters need to be examined by the appropriate Committees, but they are not meeting at the present time, and that is bad.

Mrs. Taylor: My hon. Friend is right to point out that there is always a problem in the early days of a new Parliament. I was not aware of the particular problem that he mentioned with regard to the postmaster. I am not sure whether that is a matter for the House or the Post Office, but I will make inquiries.

Mr. Andrew Lansley (South Cambridgeshire): Will the right hon. Lady make time next week to debate "Questions of Procedure for Ministers", which would not only allow the House to discuss the circumstances in which Ministers can discuss the exercise of free speech by hon. Members on behalf of their constituents, but allow us to examine the question of conflicts of interest for Ministers? In that regard, will she look at the *Official Report* of today's proceedings at Question Time, when the President of the Board of Trade appeared not to know whether the Minister for Trade and Competitiveness in Europe still had a continuing conflict of interest in relation to his shareholding in BP?

Mrs. Taylor: I do not intend to find time for a debate of that nature. My noble Friend the Minister for Trade and Competitiveness in Europe is in the process of complying with the rules in "Questions of Procedure for Ministers", which takes time. During that time, he has not been involved in discussions that would be relevant or relate to his particular interests.

Mr. David Heath (Somerton and Frome): Does the right hon. Lady recall that it is now two weeks since the European Council met in Amsterdam? It would be a shame if it were forgotten. Either it was a triumph for British diplomacy, in which case we should celebrate it, or it was a missed opportunity, in which case we should deprecate it. Either way, does she agree with the Prime Minister that it must be fully debated, and will she provide an early opportunity for that?

Mrs. Taylor: There will be consequential legislation in due course, and that will be debated.

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [2 July].

WINDFALL TAX

Motion made, and Question proposed,

A Motion was made and the Question being proposed, That provision may be made for imposing a tax on the amount of the windfall from which a company was benefitting on 2nd July 1997 in any case where—

(a) an undertaking whose privatisation involved the imposition of economic regulation has been privatised by means of a flotation; and

(b) the profits of the undertaking in the period after the flotation show that the company was benefitting on that date from a windfall from that flotation.—[*Mr. Gordon Brown.*]

Question again proposed.

Budget Resolutions and Economic Situation

4.6 pm

Mr. Peter Lilley (Hitchin and Harpenden): Yesterday was the first time that the trust which the British people put in the Government was put to a real test. We shall see that, as the consequences of the Budget filter through to them, the British people will realise that their trust was misplaced.

It was the Prime Minister himself who chose to make trust the central issue of his election campaign—above all, trust that a Labour Government would not revert to tax and spend. Invoking almost biblical language, the Prime Minister claimed to have entered into a new covenant with the British people. He, Tony, claimed to be uniquely trustworthy. To allay fears that Labour would once again tax and spend, he gave the British people clear and categorical assurances.

Earlier this year, the Prime Minister told business men in Birmingham:

"We have no plans to tax at all.

He told *Daily Express* readers:

"Our plans do not involve raising taxes at all. If we have any such proposals we will make them clear before the election."

How does that square with yesterday's Budget—17 new Labour taxes introduced by the Chancellor? They are not taxes on fat cats, but taxes which will ultimately fall on the hard-working, prudent savers of middle Britain. The Labour Government have broken their covenant, they have forfeited their trust and betrayed their pledges.

The truth is that there was no need for an emergency Budget now at all. There was no emergency—quite the contrary. No Chancellor has ever inherited a better economic legacy than that bequeathed to the Chancellor by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) and his predecessor.

As Lord Healey said yesterday,

"As we look at this and future Budgets produced by the Labour Administration, we must always remember that rarely, if ever, have a Government had such cause to be grateful to their predecessor when it comes to the economy."

[Mr. Peter Lilley]

When the Chancellor arrived at the Treasury and opened the books, as the phrase has it, he found that, far from there being hidden problems, the economy was doing better than my right hon. and learned Friend had predicted during his Budget last November. Borrowing in the four months between the Budget and the end of the financial year was £3.3 billion lower than forecast, and it has continued on a healthy downward path since then. Revised figures show that growth has been better than we thought it would be. The trade figures have been better than expected, despite the strong pound, and unemployment has been falling faster than forecast.

As the new Chancellor could not find anything wrong when he looked at the books, he decided to cook the books. He did, in effect, what any takeover merchant about to asset-strip a sound company would do: he decided to downgrade the forecasts. So he came up with four new assumptions, and got the National Audit Office to examine them. The NAO described his assumptions, rather acidly, as a deliberately cautious interpretation of the evidence. And so they are. Indeed, his new assumptions are not merely cautious; they assume that the Government will fail.

The right hon. Gentleman assumes that the Government will fail to privatise anything—that is the black hole of which we warned during the election. He assumes that the Government will fail to get unemployment down. He assumes that they will fail to deter any tax evasion; and fail to get the economy to grow as fast in the future as it has in recent years. So we have four forecast failures by a Labour Administration—a pretty dismal outlook, but, I suppose, a fairly realistic assessment of what this Labour Government may actually achieve.

Even the revised forecast that the Chancellor has made did not justify increasing taxes, but he was determined to raise them, because he wanted to tax now in order to be able to spend later.

Mr. Dale Campbell-Savours (Workington): The right hon. Gentleman will know that the City has been saying that the economy is overheating and that something has to be done. In those circumstances, would the Opposition have supported raising interest rates, raising taxes or doing nothing? Presumably they would have had to do one of the three—which one would they have selected?

Mr. Lilley: Funnily enough, I was just coming to that. The Chancellor justified his decision to raise taxes precisely on the basis of the hon. Gentleman's point—that there are some who believe that consumer spending in the short term is growing too rapidly. Yet, overwhelmingly, the taxes that the Chancellor raised fell not on consumption but on the corporate sector. So presumably the Chancellor does not believe in the thesis; there is therefore no reason why the hon. Gentleman or I should believe it either.

Far from trying to take action to deal with a short-term growth in consumer expenditure, the right hon. Gentleman's taxes—by and large—fell on the corporate sector, and were geared to the longer term, by when it is assumed that consumer spending will have slowed, anyway.

The Budget raises very large amounts of extra taxation: roughly £6 billion a year, which is £300 for every household in the land. But it seeks to do so in ways that are not easily visible, and are at one remove from the ultimate taxpayer. Unfortunately, however, there is a general rule of taxation, stating that, the less visible a tax is in the short term, the more damage it does in the long term. As taxes work their way through to people's pockets, they do a lot of damage en route. Any attempt to conceal the blame will increase the ultimate pain.

There are two big measures in the Budget—the change in advance corporation tax and the windfall tax. Both hit pensions and long-term savings. That is a double whammy for pension funds; it is the Robert Maxwell memorial Budget. No wonder the National Association of Pension Funds has described the Budget as

"the biggest attack on funded pension provision since the war. Even Robert Maxwell only took £400 million."

The ACT change alone, according to the NAPF, will take more than £50 billion of extra pension contributions from employers over the next 10 years.

The House will recall that I published a proposal to give every working person in the new generation a funded pension, which would have involved Government putting billions of pounds into pension funds. Labour is taking billions of pounds out of pension funds. That means that Labour's shameful election lie that we would put people's pensions at risk was not merely dishonesty, but rank hypocrisy.

In opposition, Labour said that changes to pension arrangements should be introduced in a spirit of bipartisan co-operation. Certainly, major changes should be introduced only after full consultation with the pensions industry. Yet these changes, which radically alter taxation of both pension funds and the corporate sector, have been introduced without consultation with either sector. They have been rushed in after just a few weeks of being tacked together. I fear that, as a result, they are shoddy, incomplete and ill thought out.

By definition, if the Government are several billion pounds a year better off, pension funds must be several billion pounds a year worse off. As a result of this tax, in order for the same pension to be paid, members or companies will need to pay more into their pension schemes. The National Association of Pension Funds calculates that a contribution sufficient to pay a pension of £100 a week will now pay only £85 a week. Do the Government plan to tell members of personal pension schemes the amount of the extra contributions that they will need to pay to make up the shortfall?

The Chief Secretary to the Treasury (Mr. Alistair Darling): The right hon. Gentleman is trying to pose as a friend of pensioners. Does he not recall that, when he was a Minister at the Department of Social Security, he presided over the regime under which the mis-selling of pensions took place? Does he not remember that he proposed the abolition of tax relief on employee pension contributions, and was it not the Conservative party that was going to abolish the state pension? No wonder no one believes anything that the right hon. Gentleman has to say about pensions. His arguments simply do not stand up.

Mr. Lilley: If the right hon. Gentleman can only stand at the Dispatch Box and make a statement that he knows to be untrue, while refusing to answer the question that is posed to him, he discredits his office. I have a number of questions to put to him, and we would rather have more

sensible and constructive answers. Not just Conservative Members, but all who are involved with pensions and companies, want to hear answers to those questions.

The present national insurance rebate is calculated by the Government so that, assuming a certain after-tax return, it will generate a private pension that is roughly equivalent to the pension that people would have if they stayed in the state earnings-related pensions scheme. If the level of rebate is not revised to reflect the change in taxation, many people with pensions would be best advised to contract back into SERPS. Is that the Government's intention? Will they advise people to opt back into state earnings-related pensions?

If the Government do not do that, will they not be guilty of the very mis-selling that the Chief Secretary just accused the last Government of having allowed to happen? Trying to make it suitable, or rather advisable, for people to opt back into SERPS and then not advising them to do so is certainly mis-selling of a kind; moreover, it is the very opposite of what the Government have been saying they intended to do ever since the election. We must ask whether Social Security Ministers who have been saying that they want to enable everyone to opt out of SERPS were aware of the impending change in the tax regime.

If the Government do not advise people to opt back into the state scheme, the alternative is that they increase the value of the national insurance rebate to offset the tax change. Do they intend to do that? How much will it cost? Have they asked the Government Actuary to assess that cost? Has that extra cost been factored into the Budget arithmetic?

I shall give way to the Chancellor, who will surely want the House to know whether his calculations took that into account. It seems that not only do Social Security Ministers not know, but the Chancellor does not know what is in the Budget, and he does not know its implications for social security. The pensions industry, those who are in pension schemes, particularly those with private pension funds, and those in companies which run occupational pension schemes, want answers to those questions. I hope that we shall have answers before the end of the debate.

There is another perverse consequence of the change to ACT which the Chancellor failed to mention yesterday. He constantly laments the lack of investment, and claims to want more investment in Britain. He often laments that many British companies invest more overseas. However, his proposed change will make it significantly more advantageous to invest abroad relative to domestic investment than was previously the case. How many Labour Members realised when they cheered yesterday that the first act of the new Chancellor would be to encourage British companies to switch investment from Britain to abroad?

To the extent that companies continue to invest in this country, they are discouraged from paying out the fruits of productive investment in mature companies which have few good productive investment opportunities left. They are encouraged instead to retain those funds and invest them in their own companies. That means that less money will be recycled through the capital markets to the new, small, expanding companies which need investment, and will no longer find it so easy or so cheap to get.

The other major tax is the windfall tax. It is the only new tax burden that Labour admitted to planning before the election. To make it acceptable, Labour had to pretend that it would not be paid by ordinary people. Last year, the Chancellor said that it would not be paid by ordinary families. The impression was created that it would all fall on the fat cats in the privatised utilities.

Now we know. Virtually none of it will be paid by the fat cats. Instead, we are led to believe that it will be paid by an abstract entity called the firm, but as John Kay, the adviser to the Prime Minister and Chancellor has said:

> "There is no such thing as a tax on firms. The effective incidence of all taxes is ultimately on individuals."

Normally, the £5 billion cost of this tax would show up in due course in household bills and there would be higher gas, water, electricity and phone bills.

As there are nearly 20 million households, that £5 billion tax would, on average, cost each household more than £250, but the extent that regulators prevent the tax from being passed on in higher prices, it will instead fall on the value of shares. Of course, its impact will be the more concentrated on pensioners, who pay a disproportionate amount of household bills out of lower incomes, than if it had ultimately gone through in higher charges. That is because more than half of all shares are held by or on behalf of today's and tomorrow's pensioners.

If several billion pounds are siphoned from pension funds by the tax on top of the ACT changes, companies and individuals will have to put in an equal extra amount or suffer lower incomes in retirement. Even if the tax did not fall primarily on pensioners, it is still objectionable in principle. It is not merely retrospective: it is being imposed long after the alleged windfall profits arose. It goes back 15 years, to when BT was originally privatised, much to the chagrin of Iain Vallance. It does not go back to the first privatisation under the influence of the International Monetary Fund—the sale of the Government's stake in BP. It appears that a company's chairman has to become a Minister; voting Labour is not enough, as Iain Vallance found out.

Of course, this tax will not be paid primarily by the people who benefited from the original speculative profits. People whom the left vilify as speculators—those who sold the shares fairly soon after they were issued—will not pay a penny of the tax, but pensioners whose schemes invested later for the longer term will bear the full burden.

Labour's windfall tax will damage Britain's standing as a country whose Government can be trusted not to behave arbitrarily. It will drive up the cost of capital and, perversely, reduce the revenue that may be obtained from any future privatisation, if the Chancellor eventually finds something to privatise; but the real absurdity is that it is a one-off levy to fund an on-going make-work scheme. The Government cannot fund a permanent programme from a temporary tax.

We support the objective of getting young people off welfare and into work. We believe in that passionately. It has been one of the keys to our reforms of social security, employment and education. We have aimed to give people the skills, the incentives and the jobs to get them off welfare and into work, and we have been succeeding.

[Mr. Lilley]

Over the past four years, the number of young people unemployed has come down by 100,000 a year. When the Chancellor first mooted his plan to get 250,000 young people who had been unemployed for six months or more off the dole, 280,000 young people were in that position; there are now fewer than 180,000. We have done a lot of his job for him, and we did it by sensible measures to create real jobs, not by make-work schemes and the skivvy jobs that he proposes.

The Secretary of State for Education and Employment (Mr. David Blunkett): Will the right hon. Gentleman give way on that pathetic note? Perhaps he would tell us, therefore, why his party, over the period of its recent office, introduced 30 separate schemes, which he now describes as makeweight?

Mr. Lilley: I have no objection in principle to taking measures over and above those that I have described to get people off welfare and into work. I have no objection in principle to the sort of measures that the Chancellor is proposing.

Mr. Campbell-Savours The right hon. Gentleman referred to "skivvy jobs".

Mr. Lilley: I was quoting the term used by Labour Members to describe the regime that we established for 16 to 18-year-olds, which is precisely what they want to extend to 18 to 25-year-olds. We established a scheme under which people had the option of education, of training or of work, but not of benefit. He proposes to establish that benefit regime and to extend it to those people. We have no objection to that in principle, and no objection in principle to the proposal to introduce job subsidies. It is just that we think that it will not work, and we know that it will not save money.

We set up a study to examine similar schemes throughout the world, and it discovered that not a single scheme saved more in benefit than it cost in subsidies and in employing people on make-work schemes.

Mr. Blunkett: Will the right hon. Gentleman tell us, therefore, why his Government introduced three schemes, including workstart, that involved a job subsidy of the sort that he is now attacking?

Mr. Lilley: I have just told the right hon. Gentleman that I do not attack these schemes in principle. Had he listened to me during the Queen's Speech, he would find those very words. We believe that there can be a social case for them, but that there is no financial case; and it was the financial case that the Opposition put to the electorate before the election. They claimed that the savings on social security would be greater than the cost of the schemes, and that they would be able to transfer the savings on social security to the education budget. All talk of that has disappeared, because it is nonsense.

There are no such savings, because a large part of the cost of subsidy goes to young people who would have got jobs anyway. A further element goes to people who displace people who had jobs, or who would have got jobs but were not entitled to the subsidy. Yet a further element goes to people who are on the schemes only for the six months that the subsidy lasts and then return to benefit. For all those reasons, the costs far exceed benefit savings.

I repeat that there may be a social case for such schemes. The Conservative Government certainly thought that there was, for example, to help those who had been unemployed for a long time—two years or more, and we introduced a pilot scheme. The dead weight in that circumstance is far less—because far fewer people get back into work after they have been unemployed for more than two years—so there is a far greater chance that a high proportion of the costs will be met by benefit savings.

When the Labour Government try to pretend, as they did before the election, that they have come up with a magic scheme that will enable the right hon. Gentleman to increase his departmental budget, they are deluding both themselves and the British people. The schemes might work to the extent that the subsidy reduces the cost of employing people. If the Government accept that reducing the cost of employing people will create some additional jobs, surely they must also accept that increasing the cost of employing people—by, for example, adopting the national minimum wage and importing European social costs—will reduce the number of jobs.

The subsidies are temporary, and apply to only a few hundred thousand people. The increases in employment costs are permanent, and apply to millions of people. The net effect of the Government's proposals will be to drive people out of work and into welfare, and the cost of that will be far greater than could possibly be met by a windfall tax.

As well as changes to help young people who are unemployed, the Chancellor made much of his plans for lone parents. However, he did not bother to inform the House of one aspect of his plans that was hidden away in his departmental press releases.

The House may recall that, before the election, I announced, but did not have time to implement, plans to equalise the benefits payable to new lone parents to make them equal to those available to married couples in similar circumstances. That is fair, it does not send out the wrong signals about marriage and the value of two-parent families, and, in the long run, it saves £500 million a year.

However, that was anathema to the politically correct denizens of the Government Benches. Before the election, the then Leader of the Opposition, now the Prime Minister, was asked on the "World at One" programme:

"Are you going to stick with the Conservative plans to equalise benefits for lone parents with those of married couples?"

The right hon. Gentleman replied,

"No."

It is not easy to misunderstand that reply—it was a quite simple, unusually straightforward "No." He told the people of this country that he would not implement my plans.

But yesterday, only moments after the nauseating spiel we heard from the Prime Minister about his integrity and how he always sticks to his promises, the Chancellor broke that promise. We now know that the right hon. Gentleman will implement my plans—I welcome that—with total disregard for the pledge the Prime Minister made to the electorate before the election.

The Prime Minister is keen to emphasise that this Budget is no more or less than his party promised during the election campaign. However, before 1 May he was asked a number of clear questions, to each of which he replied, "No." Would he put up taxes at all? No. Would his July Budget go beyond his windfall tax plan? No. Would Labour implement my lone-parent benefit reforms? No. Would Labour leave a £1.5 billion black hole by refusing to privatise assets? No. Would Labour alter Conservative departmental spending plans? No.

Only two months ago, Labour answered no five times. Yesterday, however, we learned that the true answers to those questions were yes, yes, yes and yes. [HON. MEMBERS: "That is only four."] And yes. [LAUGHTER.] Is it not extraordinary how Labour Members are proud of the number of pledges that they have broken? They do not want me to underestimate them, and in future I will not.

The Budget provides not only the opposite of what Labour told voters it would provide, it will accomplish the opposite of what the Chancellor claimed, only yesterday, that it would accomplish. He said that it was a Budget designed to curb a consumer boom; yet the overwhelming bulk of the tax burden will fall on the corporate sector. He said that it was a Budget to control houses prices; yet its net effect will be to make investing in houses more attractive than investing in equities. He said that it was a Budget to encourage long-term investment; yet its biggest effect will be to hit long-term investment in pension funds. He said that it was a Budget to encourage investment in the United Kingdom; yet its measures will encourage people to invest abroad.

Today, the cheers of Labour Back Benchers may still be ringing in the Chancellor's ears. Tomorrow, I fear that he will find that those cheers have turned to hollow laughter.

4.35 pm

The Secretary of State for Education and Employment (Mr. David Blunkett): I welcome the shadow Chancellor to his new post: may he hold it with distinction for many a long year. Before commenting on his speech, I should like to accord him a tribute. I acknowledge that he does care about young people, about their exclusion from society and about their need to be able to earn their own living and to lift themselves off the scrap heap of time. I accept that he should like those young people to be in jobs and able to develop their own families. After hearing the shadow Chancellor's speech today, however, I am totally unclear about whether he supports our measures, whether he is in favour of job subsidies or whether he believes that the Government should intervene in the labour market to help clearly disadvantaged unemployed people.

The shadow Chancellor has contradicted himself in this debate several times already. He said, for example, that he is in favour of programmes organised by the Government, but that he is not in favour of our programme. He is also in favour of subsidies, but he is not in favour of our subsidy. He is in favour of the Government raising money to spend on young people, but only if it is not raised from a windfall tax on the utilities. Presumably the shadow Chancellor would be in favour of raising money to help young people if the burden fell on the backs of someone else—such as pensioners, whom the previous Government required to pay VAT on domestic fuel bills. The previous Government imposed 22 tax increases that affected everyone, although the burden of most of them fell on individuals.

My right hon. Friend the Chancellor has introduced a windfall tax on profits which, in the 1980s, the present shadow Chancellor clearly believed—because he came close to admitting it—were excessive. The shadow Chancellor seemed to say that it is all right to raise money to help young people, but only if it does not come from windfall profits. If the money is to come from a windfall tax that demonstrates those excess profits—the billions of pounds of profits made over the past 15 years—he is agin it. He made an extraordinary admission. He is in favour of the type of intervention that we propose—although he would like it to cost less and not to be based on quality, continuity and employability, which are the hallmarks of our programme—and he is agin it.

Yesterday, my right hon. Friend the Chancellor announced a programme that has received almost overwhelming applause and the unified commitment of the British people. He presented the most popular Budget in decades, and he did so in a manner that showed considerable aplomb. He has given hope to the British people. They now have hope that the legacy that we inherited—a legacy of neglecting investment in our health service, in our education, training and employment programmes and in our housing—will be ended.

There is neglect in the education system, which the right hon. Gentleman and his colleagues have left us to clear up: 600 primary schools rely on outside toilets, and there are 25,000 temporary classrooms. There is a legacy of redundancy among teachers and a legacy of disrepair in schools with crumbling walls, leaking roofs and window frames that rattle, which creates an environment not fit to teach in. That is why my right hon. Friend the Chancellor's announcement yesterday was welcomed by parents, governors and teachers and by communities across Britain.

An investment of £1.3 billion over the coming years to tackle that disrepair is morally right, economically sensible and will bring about social cohesion. It allows those who want a job to have a sensible job to meet a need in our community, by linking public and private, as my hon. Friend the Paymaster General will be assisting us in doing.

Mr. William Cash (Stone): In the light of what the right hon. Gentleman has just said, will he review the whole question of the standard spending assessment system to ensure that constituencies such as those in Staffordshire get a fair deal? Will he also recommend to the Chancellor that the capping of local government expenditure should be removed?

Mr. Blunkett: I am fascinated by the hon. Gentleman's admission that those constituencies did not get a fair deal under the Conservative Government—we certainly all agree with that. The quantum amount available and the distribution of it are about fairness. The hon. Gentleman asks whether, after nine weeks, I am going to do something about it. I hope that we manage more in the next nine months than his Government managed in the past nine years. If we do, we shall bring about greater fairness, and no doubt the hon. Gentleman's electorate will be so enamoured of the new Labour Government and

[Mr. Blunkett]

so grateful for our bringing a bit of common sense and equity to the funding of their children's schools that they will vote Labour and vote him out. We all look forward to that.

We will not only bring about fairness and equity by ensuring that investment in the infrastructure provides classrooms fit to teach and learn in, but we can now ensure that we turn back the legacy of a 40 per cent. increase in class sizes, which the Government managed to bring about in the past five years. We shall also be able to reverse the trend of redundancy and implement our class size pledge through the £1 billion that will be available next year for the education service across Britain—£835 million in England—which was not available until my right hon. Friend the Chancellor stood up in the House yesterday afternoon and announced that we will invest in the education service, even if the previous Government were not prepared to do so.

Mr. David Willetts (Havant): The Secretary of State will be aware that the university teachers' pension scheme is a funded scheme and has no surplus. What advice has he received from the Government Actuary about the extra contributions necessary to offset the effect of the tax changes in the Budget? How does he propose to raise the money to finance the higher contributions in order to meet existing pension commitments?

Mr. Blunkett: The hon. Gentleman is right to say that it is a funded scheme. I have checked on the university teachers' scheme, which was revalued last year. There is no prospect of the proposal placing any burden on it; I am delighted to be able to say that it is perfectly able to continue in the current vein. I double-checked that this afternoon because I was certain that, despite not having reached the Cabinet, the hon. Gentleman would at least be smart enough to ask that question.

Mr. John Townend (East Yorkshire): Will the right hon. Gentleman give way?

Mr. Blunkett: In a moment. I was getting around to applauding my right hon. Friend the Chancellor for lifting the abysmal £182 million that my predecessor managed to win for the education service next year and for translating it into a 5.7 per cent. increase—2.9 per cent. in real terms—that will give us the opportunity, as I will spell out to the House next week, to implement our standards agenda so that every child in every school in every part of Britain will have the opportunity to learn, to earn and to have hope and prospects of a job.

That £1 billion is worth every penny in terms of the life chances of our children. It has been welcomed by all those who care about education. It is a disgrace that we have to take such action to overcome the penny-pinching meanness of the previous regime, which would have allowed teachers to be sacked, class sizes to increase and children's education to be affected.

Mr. Townend: We are all very worried about the standard of education of children leaving school, especially the standard of literacy and numeracy—the Conservative Government introduced the national curriculum to try to improve standards—but does the right hon. Gentleman agree that one cannot blame the problems in education on the previous Government or, indeed, on any Government? The major responsibility for education lies with local education authorities, the vast majority of which are controlled by Labour. As spending is not hypothecated, many of those local authorities could have spent more on education had they not spent it on frills as so many Labour authorities did.

Mr. Blunkett: As a matter of fact, Labour authorities were responsible for spending £500 million more than the then Government allowed them through the standard spending assessment. I hope that the hon. Gentleman will make it clear to the schools in his neighbourhood that it was the Conservative Government who denied the money to North Yorkshire county council and the schools in his area, not the Labour authorities.

Mr. Cash: You are the Government now.

Mr. Blunkett: We are the Government now; that is absolutely true, and I will tell hon. Members what we are going to do on the back of that.

Mr. Stephen Dorrell (Charnwood): The Secretary of State makes great play of the extra money for schools that the Chancellor announced yesterday. What assurance will schools have that the money will get through to them, especially as the Chancellor announced no extra money yesterday for social services, the other major spending head of local authorities? What assurance can the Secretary of State give that the money that he claims for schools will reach them—or will it in fact go towards the generality of local authority services?

Mr. Blunkett: We have had an admission that there was not enough money for education under the previous Government, followed by an admission that there was not enough money for social services. Who was it who set the Budget for this year? Who imposed the standing spending assessment and the revenue distribution last year?

I was asked how much of the money will go to schools. First, it has been made clear that the £835 million allocated in the Budget yesterday will go to education authorities, not into the SSA for all councils. Secondly—this is unique in recent years—the SSA that was announced will be matched pound for pound by grant so that we shall at last have transparency rather than the fraud perpetrated in recent years when the SSA was lifted by the Conservative Government but the grant was not made available for local authorities to be able to match it.

Mr. Dorrell: The right hon. Gentleman has just made an important announcement. Is he telling the House that in future local authority education budgets will be financed by specific grant?

Mr. Blunkett: No. I have just made the important announcement that, when we declare an increase in the SSA and say that there is £835 million more available for education than was previously budgeted for, we will match it pound for pound and allocate the money to the education authorities. I have today written to the leader of each of those authorities, saying that it is now their responsibility to ensure that the schools and the standards agenda are funded from the direct revenue support that

my right hon. Friend the Chancellor made available yesterday. I am sure that they will be delighted, because local authorities have long awaited that level of honesty and transparency being brought to the carrying out of their duties.

Mrs. Theresa May (Maidenhead): I am grateful to the Secretary of State for clarifying that point. I should like to be sure that I understand clearly what he is saying. As a former chairman of an education authority, I know how important it is to know exactly what is happening when the Government allocate extra funds. As I understand it, he is saying that money will go to those local authorities that are also education authorities and not to those that do not have education responsibilities, but that the money will not be ring-fenced to ensure that it goes to the education budget: instead, it will be allocated to the authority's general budget and it will be up to councillors to determine whether it goes to schools.

Mr. Blunkett: I am delighted that I have been so clear that the hon. Lady has got it first time. We are giving the money for education to education authorities. I have just said that I have written to the leaders of those authorities stating clearly what the money is for and where it should go. They will join us—at least, Labour authorities will join us—on the standards agenda. I remind the hon. Lady that in the past Conservative authorities have refused to spend money allocated for nursery education on nursery education.

Mrs. May: Will the Secretary of State give way?

Mr. Blunkett: No, I shall not give way to the hon. Lady again because I am going to give way to my hon. Friend.

Mr. Deputy Speaker (Sir Alan Haselhurst): I call Ms Karen Buck.

Ms Beverley Hughes (Stretford and Urmston): I am grateful to my right hon. Friend for giving way. Does he have any thoughts on why Conservative Members are signally failing to endorse and welcome the measures in the Budget that have been welcomed by schools, parents and local education authorities? *[Interruption.]* I will not be barracked and I will finish my point. Can my right hon. Friend give us any more details yet on how local education authorities—which are the appropriate bodies—can begin to access some of the resources that I congratulate him, the Chancellor and all my right hon. Friends on including in the Budget for the education service?

Mr. Deputy Speaker: Order. Before the Secretary of State responds, I apologise to the hon. Lady for mistaking her name. The Secretary of State has been generous in the number of interventions that he has taken. I appeal for them to be brief.

Mr. Blunkett: Thank you, Mr. Deputy Speaker. My hon. Friend spoke for the nation. The nation is speaking with one voice, which is fully in favour of what my right hon. Friend the Chancellor announced yesterday.

Some £83 million of the capital award will be available this year and £250 million for each of the four subsequent years. Local authorities will be expected to bring forward proposals, in conjunction with their schools. We shall judge the priorities with my hon. Friend the Postmaster General—

The Paymaster General (Mr. Geoffrey Robinson): Paymaster General.

Mr. Blunkett: I apologise to my hon. Friend. I was obviously thinking of stamp duty.

We shall look at how the public-private partnerships that we announced before the election can be developed and kick-started with the resources that are made available.

A substantial part of yesterday's Budget was about the welfare-to-work programme. It is important to get the message across to the country that it is not a cheap and nasty substitute for work, but a programme of quality with continuity and the possibility of employability for all who take part in it. All parts of the programme will involve education and training and will have mentors who will work with the young people, so that from the start, when they enter what we are calling the gateway, they will have the advice and support that they need, providing them with guidance on the best choices and with the basic skills that they require to hold down a job or take up a place on a programme.

As my right hon. Friend the Chancellor announced, four choices will be available, but there will not be a fifth choice of remaining out of work on full benefit. The programmes will involve a subsidy of £60 a week to private employers, plus a £750 allowance for education and training that will be available to all young people for accredited and properly qualified training and education. For the environmental and voluntary sector options, there will be a placement fee of £3,200 for each six-month placement, totalling £6,400 in a full year. In addition, there will be the full-time education option, which will be extended to up to 12 months to allow young people to take a proper qualification. A discretionary grant will be available for fares and equipment.

In addition to being able to retain their benefit and passported benefits, which is important to ensure that there is no penalty, there will be a grant of up to £400 for those on the voluntary and environmental programmes. All those on the programme will receive mentoring and skills training.

At the end of the programmes, for those who have not already obtained full-time work or gone on to full-time education, there will continue to be a programme to enable them to take up trials in particular types of employment, to be given further advice and skills training and to continue without feeling that they have dropped off the end of the programme. We have devised a new and imaginative way of ensuring that those who have been excluded and alienated from society can take their place alongside their peer group, earning their own living, creating their own families and contributing to society.

Judy Mallaber (Amber Valley): The new deal will give new hope to the many hundreds of young people in my constituency who have been unable to get work. Is my right hon. Friend aware that the confusing multiplicity of schemes introduced by the last Government have seriously damaged confidence among young people and the long-term unemployed? What measures can he take to

[Judy Mallaber]

reassure them that we are offering quality jobs and training, not make-weight jobs? In particular, what measures will he take to ensure that the programmes do not involve job substitution and do not result in other people losing their jobs or being sacked to make way for the new deal participants?

Mr. Blunkett: I fully accept the thrust of my hon. Friend's question. It is crucial that young people have confidence in the programmes and in the options available. They must believe that their voice is being heard, that they are being consulted and that those who are working with them are equipping them for future employment. That is why the offer of education and training is so important.

The previous Government ran a community programme from 1982 to 1989. It was the nearest that they got to a quality programme. The problem was that it did not offer education and training, it did not offer mentoring, it did not have a gateway access programme to prepare people for it and there was no mechanism to ensure at the end of the programme that those who had participated did not find themselves in a revolving door. Our programme picks up on all those problems. All those in the new deal will receive the help and support that I have outlined.

My hon. Friend asked an important question about job substitution.

Mr. Bernard Jenkin (North Essex): Will the Secretary of State give way?

Mr. Blunkett: I shall finish answering the question first, thank you.

My hon. Friend asked an important question about job substitution. We must all join together. Good employers, who gave their whole-hearted support and commitment at the event that my right hon. Friend the Chancellor organised at No. 11 Downing street, must be able to join us in monitoring the programme so that there is not job substitution and people do not abuse the £60 subsidy. There will be a declaration for employers to sign and there will be a contractual requirement. There will therefore be the potential for breach of contract. We believe that, by working together with good employers—as Winston Churchill rightly pointed out, the bad will be undercut by the very worst—we can avoid substitution taking place.

Mr. Jenkin: I very much hope that the Secretary of State's scheme succeeds in all the aims he has for it, but can he explain what will happen when the proceeds of the windfall profit tax run out? Will the scheme continue to be funded or will that be the end of it?

Mr. Blunkett: One of the advantages of this programme, as opposed to the 30 schemes that preceded it—because of the time taken and the interventions that I have accepted, I shall not read out the list to the House, although it would make interesting reading—is its continuity. For the next five years, people will know that the programme is in place and that it will be built on stage by stage. Through the growth of the economy, through the reduction in overall unemployment, through the transfer of welfare into work, through the increase of people contributing back through tax and national insurance and through the reduction in payment of benefits, we shall be able to continue investing in the well-being of young people.

I would not want the hon. Member for North Essex (Mr. Jenkin) to worry his head about the matter. In four years' time we shall tell the electorate how we have done and what progress we have made. We shall ask them to re-elect us, and once we are re-elected we shall be able to tell the hon. Gentleman what we are doing, how important it is and what progress we have made. We are modest enough to believe that we shall succeed and that this country will have a popular Government who actually carry out their pledges, who are trusted by the electorate and who can once again give the British electorate confidence in politics and in politicians. In view of this afternoon's revelations, we desperately need to reinforce belief in politics, politicians and democracy.

Mr. Archy Kirkwood (Roxburgh and Berwickshire): Will the Secretary of State give way?

Mr. Blunkett: I will give way one last time, as the hon. Member who wishes to intervene sits on the Liberal Democrat Benches.

Mr. Kirkwood: Can the Secretary of State confirm that his scheme will have a penalty sanction for non-compliance? Will he share with the House the background against which the penalties will be imposed? More importantly, will he explain what rights of appeal, if any, there will be against such sanctions?

Mr. Blunkett: There is an issue here of rights and responsibilities, and of obligations. We need to ensure that people are prepared to take up those responsibilities for themselves, which is important. The ability to offer choice is at the heart of this programme. People can choose, and be guided and supported in what is right for them. For the able-bodied, we do not believe that it is right after they have been offered choices for them to turn down those choices and to continue drawing benefit. We made that clear before the election.

There will be a series of steps before people find that their benefit is withdrawn. There will be counselling for those who believe that none of the options is acceptable to them. Further offers will be made and guidance will be given, including, as part of the gateway, guidance on the social and educational skills required. If young people then choose not to take up one of the options, they will be able to appeal to an adjudicating officer and still retain their benefit. If the adjudicating officer judges that there is no good reason for refusing the option of work, such as sickness, family circumstances or caring responsibilities, the penalties will come into place.

People will at first lose benefit for two weeks. At any point in those two weeks, they can rejoin the programme. If, after two weeks, they refuse to join the programme, there will be a further month's penalty. In those circumstances, if people have dependants who are in need of support, an award will be made to ensure that the dependants do not lose their support and benefit. There will, however, be a 40 per cent. penalty on the individual who has declined to take up the programme.

Those are the sanctions which are available within the total context of a new programme which gives young people the duty and obligation to fend for themselves,

but which also gives them the right to choose and to receive more than the benefit that they have been receiving on the dole. The programme is about quality, as I have said, and about employability. It is about a new beginning. It is about people not being excluded and alienated from our communities. It is about bringing back people in some of the most disaffected and disadvantaged parts of the community, including my own constituency.

I know that young people will be persuaded that the programme is about hope and not punishment, that it is a new beginning with a Government who care. We are big enough to impose the sanctions as well as to offer the opportunities. The rights and obligations offer a new beginning for Britain.

Today, the BBC has not concentrated on improvements in education or health. It has not talked about those who are excluded from the society around them or about the £3 billion that we will invest in their future. It does not talk about the money available for caring and disability, which will be spelled out by my right hon. Friend the Secretary of State for Social Security in the House tomorrow morning.

Instead, the BBC wrings its hands over the pension funds and gives publicity to the shadow Chancellor, who also wrings his hands although he was prepared to put forward a pension proposal that would have withdrawn tax concessions from individual pension contributors. He served in a Government who allowed the most scandalous misuse of pension advice that this country has ever known. He was a member of a Government who betrayed people—he used the term himself—by allowing misleading information and advice. Hundreds of thousands of people are still waiting for redress for what happened under his regime.

When we see those who are powerful and those who have vested interests turning away from those who have no power and who are excluded from society, we know that we are speaking for the people of Britain when we say that it is investment in our future, through education and employment, and putting our nation to work that will make the difference and create the kind of society that we want for the 21st century. I am proud to be a member of this Government, and I congratulate my right hon. Friend the Chancellor of the Exchequer on making it possible to bring welfare back into work.

5.7 pm

Mr. Kenneth Clarke (Rushcliffe): Seven months ago, I appeared in this Chamber and presented a Budget on behalf of the previous Government. The present Chancellor of the Exchequer, who was then my shadow, replied on the measures that I proposed. I produced a deficit reduction programme which was intended to ensure that we were on course to have a balanced budget by the end of the century.

I was able to make some small reduction in personal taxation. I brought down the standard rate of income tax and I brought down the small companies rate of corporation tax. That was not opposed by the then shadow Chancellor. Indeed, he committed himself to sticking to those rates and to holding down rates of income tax to the level that I had set.

I do not recall the then shadow Chancellor saying to the House that, if his party won the next election, he would introduce a quite different Budget within eight weeks of taking office. I cannot recall the right hon. Gentleman saying that it would be a much tougher Budget than the one I had produced. I do not recall him mentioning that he thought I should be introducing a big tax hike on pension funds, on investments and on savings. I do not remember him pointing out that he thought I had not put up the tax on petrol enough or that I had not put up the tax on cigarettes enough. I do not remember his heavy words about mortgage interest tax relief and how it should be phased out. I do not remember a commitment to putting up stamp duty on the sale of houses.

The Chancellor fought the election thereafter, as my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) said, on the basis that Labour would do the same as we had. He did not mention an early Budget and, when we told the public, during the election campaign, that there would be an early Budget which we feared would be heavily tax-raising, we were accused of scaremongering.

I congratulate the Chancellor on his political skill. After only eight weeks in office, he has introduced a totally different Budget from anything that the British public who voted for his Government expected. I was amazed to see Labour Members cheering. It was an extremely tough Budget. It was tax raising on a grand scale and it was announced with great skill yesterday.

Order Papers were waved when I introduced tax-raising Budgets. My first Budget was tax-raising; Order Papers were waved on the day, but I knew that I was in trouble thereafter. The Chancellor will find that the same will happen with his first Budget.

The Budget was presented within eight weeks as part of a significant change in economic policy from the policy that we were pursuing successfully before the election. That change will be bad for important sections of our community. It is already beginning to prove bad for manufacturing industry and exporters. It is bad for the traded sector of the economy. It is bad for pension funds and future pensioners who had anticipated and planned the benefits that they might get from their pension funds. In the medium and long term on which the Chancellor laid such heavy emphasis, the change in economic policy, including the Budget, will be bad for jobs, living standards and the British economy.

Mr. Blunkett: Does the right hon. and learned Gentleman agree with his retiring adviser who, only a few days ago, advocated the same measures that my right hon. Friend the Chancellor has taken in respect of tax credits, and that were started by Norman Lamont in a previous Conservative Budget, when he reduced them from 25 to 20 per cent?

Mr. Clarke: If Edward Troupe said that, I do not agree with him. I did not always take the advice that I received, even from Edward Troupe. I shall give my reasons for disagreeing when I turn to tax credits. However, the right hon. Gentleman cannot deny that the changes to tax credits on dividends are a significant tax hike on pension funds that have affected the position of every pension fund manager in the country and the expectations of pensioners, and often their employers. They are part of raising resources and taxes on a scale that had not been anticipated.

It may seem churlish to the Secretary of State for Education and Employment, who has spoken in the debate and intervened in my speech, for me to say that I do not

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altogether welcome his presence at the Dispatch Box today: that is not because of any feeling against him or his proposals for education and welfare to work. However, this is the second day of the debate on the Budget. Yesterday, £5 billion-worth of net tax increases were imposed on the economy and now we have broken with tradition. There are Treasury Ministers on the Bench, but there is no Treasury Minister at the Dispatch Box.

The Secretary of State made no mention of the Budget provisions. Instead, he took us back to education spending and welfare to work. Labour used the same tactic in opposition. Whenever we made speeches about the potential for Labour to turn to taxation and spending, Labour Members talked about welfare to work.

I agree with my right hon. Friend the Member for Hitchin and Harpenden, who was perfectly entitled to say that, in principle, we are least inclined to attack that policy because we worked on it. I used the phrase "welfare to work" in my Budget three years ago. The phrase has been lifted from our description of our policies at that time.

I worked with my right hon. Friend, now the shadow Chancellor, when he was Secretary of State for Social Security, on a package of measures based on included family credit that was designed to increase the number of young people—particularly long-term unemployed—moving from welfare into work. It was the centrepiece of our entire Budget at the time.

We hope that the measures work and have some effect, but we are entitled to point out that, because they were devised politically in opposition, the Government raised expectations far beyond what they are likely to achieve. They have taken inadequate account of displacing people from existing jobs and the temporary nature of some of the opportunities that they will provide. The idea of 250,000 young people being taken out of unemployment became rather weak when we got the number of those eligible for the scheme down to 178,000 by pursuing orthodox economic policies.

At a time when they are tightening fiscal policy dramatically and, in my opinion, making the most unwise choice of a tax base from which to raise revenue, the Government must not be allowed to avoid addressing serious economic arguments by making worthy protestations about their desire—which I wholly share—to avoid the development of an underclass in our more prosperous society and to get people from welfare to work. They are labouring that aspect of their policy because they do not wish to give further publicity to other measures that the Chancellor announced yesterday.

Fiona Mactaggart (Slough): Does the right hon. and learned Gentleman accept that young people regularly enter the employment market, so we shall certainly have the opportunity to meet the target that we set? In addition, does he accept that the skills and talents of the British work force are at the heart of any successful economic strategy and, therefore, it is absolutely right that they should be at the heart of the Budget debate?

Mr. Clarke: Absolutely. That is why I worked so long on education reforms and the establishment of national vocational qualifications. There is a long way to go in developing a proper system of vocational qualifications. That is why I helped devise schemes such as action for jobs. That is why, three years ago, we extended family credit. In recent years, all that was achieved against the background of an expanding enterprise economy which made it easier to create real jobs and help unemployed people move into lasting employment.

The scheme now being introduced was devised largely in opposition as a way of presenting the windfall tax, to which I shall turn in a moment, and is produced against the background of a change in economic policy involving a dramatic tightening of fiscal policy and a huge increase in taxation which the Government have not adequately explained or defended in the House and so far in the debate, although it may be addressed in the Minister's reply to the debate.

At various times since the election, we have been given two reasons why a July Budget was necessary and why UK Ltd. and the real economy needs such an eye-wateringly tough Budget.

First, the Government tried to soften us up with the usual line that the Chancellor had looked at the books, found a black hole and suddenly discovered that he needed to raise more taxation that he had not been able to mention at the general election. That did not run very well. The Chancellor then tried to build on understandable concerns about the overheating of the economy and the rapid increase in consumer demand and said that a tough Budget was required to slow it down and make sure that it was sustainable. In only eight weeks, the Chancellor has slipped from the first reason to the second in explaining why he is taking so much money out of the economy.

The first explanation involving the black hole is simply untrue. The second is misleading. I do not approve of adjusting fiscal policy to consumer demand in order to slow down the overheating of the economy, even if the Budget succeeded in doing that.

Yvette Cooper (Pontefract and Castleford): I sense from the right hon. and learned Gentleman's indignant tone when he speaks about what he did in the past that he still finds it hard to accept being in opposition. I have three questions for him—*[Interruption.]* The third completes the first two. Is he saying that interest rates should not have gone up? Is he saying that taxes should not have gone up and is he saying that the economy is in no danger of overheating?

Mr. Clarke: I apologise to the hon. Lady if I am giving one of my more bipartisan speeches. I had obviously failed to get across the fact that, on the whole, I disapprove of the strategy lying behind the Budget. She asked a very direct question, and I shall deal with the two reasons that have been given.

The issue of the black hole has not really been pursued very much recently. The National Audit Office, to which the whole matter was turned, rather killed it off when asked to look at it. It was an ingenious idea to ask the NAO to test the assumptions. I congratulate Sir John Bourne and the NAO on the very high standards of public service that they maintained by giving a perfectly

straightforward factual reply to the assumptions that they were given, which did not do any good to the Government's case at all.

Mr. Stephen Timms (East Ham): Will the right hon. and learned Gentleman give way?

Mr. Clarke: I should like, first, to deal briefly with the NAO and wait to see whether anybody on the Government Benches puts any weight on the issue.

The Government put to the NAO the Chancellor's own fresh assumptions and asked it to comment on them. The NAO did not criticise my Budget assumptions or my figures, and it did not say that there was a black hole in my Red Book in November.

Mr. Timms: Will the right hon. and learned Gentleman give way on that very point?

Mr. Clarke: If the question is on the Government's new assumptions, I shall.

Mr. Timms: Does the right hon. and learned Gentleman accept the view that the NAO took about the potential savings from the spend-to-save initiative, given that the amounts that he claimed that he would save from that initiative were very much greater than those that have now been confirmed by the NAO?

Mr. Clarke: I cannot in the middle of a debate look up the precise words, but the NAO accepted that, as we had predicted, there would be a deterrent effect over and above the direct changes that we were making in the spend-to-save proposals. The NAO said that the amounts were difficult to estimate, and therefore left it at that. The fact is that that initiative will save more than the Chancellor is now saying and that the deterrent effect which we calculated was a cautious assumption—I think that the NAO confirmed that when commenting on the Inland Revenue figures concerning the knock-on effect as people become more compliant once they are tackled. The NAO otherwise merely commented that such an approach was one way of approaching the whole problem.

Some of the other assumptions that the Chancellor put to the NAO in order to say that there was a black hole are quite astonishing. He is insisting that this country's trend rate of growth is 2.25 per cent. only—the average for the past 40 years. After 20 years of supply-side changes and the criticism of our decline in the league tables—I thought the Chancellor was implying that we would leap up them once we had a Labour Government—he is back to 2.25 per cent., abandoning my reckless 2.5 per cent., to which I had persuaded the Treasury to move. That is totally out of line with the rhetoric of the Labour party that fought the election recently, when it said that Britain was growing too slowly compared with our competitors.

The Chancellor has gone back to a flat-rate assumption of unemployment, which was much criticised by the Treasury Select Committee. The assumptions that I made were very cautious—we are already doing better than the assumptions that I made in November. The Chancellor effectively said, "We are not going to reduce unemployment as a Labour Government. We will return to a flat-rate assumption."

I will not go on, because the real problem about going to the NAO was that, by the time that it had finished, the Chancellor still could not find much of a black hole, even after adding up the difference between his pessimistic conclusions and mine, because the economy by then was doing so much better and tax receipts were rising. He could find a difference of only £500 million for this year, even if his deliberately pessimistic assumptions were right. There was no black hole; it is a myth to say that there was—barring one factor.

We had pointed out that, if a Labour Government stopped privatisation, they would not have our privatisation receipts. I have given up working out where we are on national air traffic control, which I think is one of the subjects under review, like so many others under the Government. The assumption now, as we said, is for nil privatisation receipts—and that is the most expensive part of the black hole that the NAO was trying to discover. That part exceeds any other. If one translates the last paragraph of the NAO's conclusions, it is basically: "It is up to you if you wish to make these pessimistic assumptions." The Chancellor has done that, and it does not really make his case.

The Chancellor announced that, for the first time, he has a deficit reduction programme. Alas, I did not have the slogan, but I had the deficit reduction programme. The previous Government were reducing the public sector borrowing requirement every year without fail and we were continuing to act in order to do so. Looking at the books, the Chancellor has no explanation of why the Labour Government are suddenly dramatically speeding up that process.

I turn to the overheated economy argument. The economy is certainly running very strongly—better than my cautious assumptions. It is certainly right that, as I repeatedly said more often than I can remember throughout my time as Chancellor, we want no return to boom and bust. We spent four years being committed to stability, creating the conditions that really encourage investment, growth and new jobs, and that has to be maintained.

There is, however, a new departure. I would never have begun—nor, I think, would any Conservative—turning to fiscal measures to control overheating of the economy. I attribute the system that I put in place and my approach to economic policy to Nigel Lawson, particularly in his earlier years after his Mais lecture. The control of demand and activity is largely a function of monetary policy, and one sets interest rates to hit inflation targets and produce stability in the financial markets. The aim of fiscal policy is to produce healthy public finances. Over the cycle, one aims to ensure that there is not excessive borrowing. Fiscal policy is all about tax and is linked to public spending and borrowing. We should not go back to fiscal fine-tuning to control demand.

It is extremely dangerous to lurch back to such ideas and start turning to features of taxation to react to inflationary dangers which one sees coming along. The weakness of the argument—the average member of the public can realise it—is that it is no good pretending that one is putting up taxes on cigarettes and petrol and cutting away at mortgage interest relief because one thinks that the economy might be overheating and running out of hand. That might be credible if anybody thought that, if demand ran down, taxes on fuel or cigarettes would be

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cut and mortgage interest relief at source would be reinstated, but I do not think that any of that will come forward.

What this Budget is doing is raising revenue. Interest rates have to be used to control demand. They have to be set high enough to deliver the inflation target, but they should also be kept as low as possible to permit growth, job creation and rising prosperity, consistent with hitting the inflation target.

If the Chancellor genuinely disagrees with me and says that, in the present circumstances, he needed to raise taxation to control the overheating of the economy, and if he really agrees with the Confederation of British Industry—which I do not, because I think that it was mistaken to demand the raising of taxation and to think that it was an alternative to interest rate increases—then he has failed, because he has not satisfied the people who advocated rises in taxation. Such a policy was too difficult politically, and he chickened out in the end. He has not done enough on cigarettes, fuel or MIRAS to satisfy the people who were making those demands.

The Chancellor has gone for the biggest hits on pension funds and the corporate sector. I can only say that, when I was raising taxation on behalf of the previous Government, we did not go for pension funds and savings. We deliberately avoided loading taxes on the corporate sector, precisely because we were trying to produce growth, stability and continuity, which has been disturbed by what has been done.

As I have said, the Government have failed to use fiscal policy to control consumer demand. I happen to think that one of the difficulties of setting interest rate policy at the moment is that much of the consumer demand is slightly one-off. The difficulty about this year is in trying to predict what will happen to all the one-off money coming out of building societies. How much will be spent and how much will be saved? Together with the strength of sterling, to which I shall turn in a moment, that creates a particular problem in setting monetary policy.

The Chancellor has chosen this moment of all moments to hand away responsibility for monetary policy. He has given complete freedom to the Governor of the Bank of England, with the sole objective of hitting the inflation target. That is against the background of a Budget in which the Chancellor said that he was trying to control excessive consumer spending, but he has not demonstrably done so.

We all expect that the Governor of the Bank of England will raise interest rates. Alongside a tough tightening of fiscal policy, we will have the tightening of monetary policy. On that basis, the outlook for inflation is good, and I will concede that yearly forecasts of 2.5 per cent., 2.75 per cent. and then 2.5 per cent. again look possible. Unfortunately, we are responding to a sudden flurry of excitement about overheating now and consumer demand this year, but we will see the effects of the Gordon and Eddie show in only two years' time. That is when we will see the combined effects of a tax-raising Chancellor and an interest-rate-raising Governor, and we will see whether they have gone too far.

One constraint is already staring the Chancellor and the Governor in the face. I do not know what they will do about it, but they have succeeded in sending the pound up to dramatic levels and a DM3 pound is staring us in the face. That is the biggest problem facing our manufacturing industry and exporters. Parts of the economy are slowing down in their expectations, because they are contending with a strong pound and facing a Government who seem to be doing everything they can think of to drive the pound up further in the pursuit of their economic policy.

Mr. Tam Dalyell (Linlithgow): Will the right hon. and learned Gentleman satisfy our curiosity? Were our suspicions in opposition wrong that, as Chancellor of the Exchequer, he would have dearly liked to give independence to the Bank of England, but was forbidden to do so by the Prime Minister and others?

Mr. Clarke: I have always said that the views of Chancellors on the independence of the Bank of England are usually given after they have left office. Perhaps at some stage I will give a full exposition of my views on the independence of the Bank of England.

My view on monetary policy is that it should be based, above all, on controlling inflation. Interest rates have to be high enough to hit an inflation target, but also kept as low as possible to provide room for growth. If the arrangements are to be changed, the Chancellor should make far better provision than he has to ensure a balanced approach. I am not the only person who thinks that giving the Bank of England complete independence with the sole purpose of hitting the inflation target will mean over-insurance. It certainly does not need to be combined with the fiscal tightening that has been introduced in the Budget.

I am sure that the hon. Member for Linlithgow (Mr. Dalyell) does not disagree with my comments about the strength of sterling. I thought that he was going to congratulate me on my record of keeping down the duty on whisky. That always got praise from Scottish Labour Members, but was suddenly forgotten by the Chancellor in the Budget. He put up the tax on whisky, because he obviously prefers water.

I shall deal briefly with the measures chosen in the Budget, because I have already dealt with the strategy. I am now speaking from the Back Benches, so my contribution should be shorter than a Budget speech. The windfall tax is a deeply regrettable tax and I hope that we never see its like again. The tax has no economic justification. It is a political tax, devised at a time when it was needed by the Labour party to appeal to the popular prejudice against fat cats—those individuals who seem to have done too well, although they will not pay the tax—and to old Labour's prejudice against privatisation. The tax combines those two prejudices, but has no logic behind it.

The choice of companies is arbitrary, as is the definition of excess profits and the choice of the tax base. As it happens, the Government have chosen the best tax base, because the regional electricity and water companies have performed better than British Gas and British Telecom.

However, the windfall tax has fatal flaws. It is arbitrary to look with hindsight at a purchase and say that it was a bargain, so it will now be taxed. The Government have no answer to the argument that today's shareholders are not, in many cases, the people who had the windfall. The tax will hit people, and pension funds, who happen to have investments in the relevant companies. It is a political gimmick, and people will forgive the Government only if they never do it again.

My fear is that, now that the Government have found that they can raise £5 billion to spend on their programmes, they will be tempted to do something very similar next time they get into financial trouble. The Government have shown that they have a populist approach to tax raising, not an approach based on economic policy. They look for a tax that makes a good speech on the right platform, and that is the sole origin of the windfall tax.

The tax change that the Government did not announce beforehand is even worse. I happen to know that they were secretly working on it in opposition. The Chancellor has the nerve to describe the changes he has made to advance corporation tax as part of his Budget for investment.

A few years ago, my right hon. Friend the Member for Charnwood (Mr. Dorrell) and I considered whether the tax credit encouraged the distribution of profits instead of their retention. We considered the argument that companies would invest more if they retained more, but we rejected it, mainly because we were worried about the impact on pension funds. We were worried about its effects on pension funds, especially after the new capital adequacy requirements, and we left it alone. We certainly never contemplated abolishing the tax credit completely.

The changes have not been done for any economic reason. The Chancellor announced changes to dividend tax credit because he knew that 999 out of 1,000 people would not understand a word he was talking about. He did not do so because he wanted to explain to the public that it would give a tremendous boost to investment. It was a convenient tax that people would not understand and that is why Labour Members cheered it. The Government are now attacking the BBC for reporting the true consequences of the policy on the radio this morning. Norman Lamont had a similar problem when he reduced the tax credit, and that is why I did not follow his example.

The policy will have an extremely damaging effect on pension funds. We are told that the pension funds are in surplus, but that is absurd, because they are not all in surplus. Some are, but many are not. Many people with personal pensions will not be told that their funds are in surplus, and their expectations will be upset. People who are about to retire have rung me to say that they are in funds that are not well funded. They tell me that they have legitimate, but not guaranteed, expectations of lump sum payments, and they know that the trustees of their funds will have to consider the effects of the change.

It is no good saying that the change will have no effect, because it will take 20 per cent. out of the value of the income from the equity investments of pension funds. It is absurd to say that £5 billion can be taken out of the funds every year without any effect. The change is not good for investment, because it will raise the cost of capital. It has cut the capital value of major companies. It is a political decision and, like the windfall tax, it makes no economic sense. It played well in presentation to say that it would raise £5 billion, because people do not understand it.

Mr. Chris Pond (Gravesham): The right hon. and learned Gentleman cannot see the faces of his Front-Bench colleagues, but many of us suspect from their glum expressions that we are hearing the prepared speech that he would have given—and had hoped to give—as Leader of the Opposition yesterday. He obviously does not wish to waste it.

The right hon. and learned Gentleman has told us of his concern about the big hit on the pension funds. Was he not concerned about the big hit on the pensioners that the previous Government made when they raised VAT on fuel? That was a much more important big hit and, therefore, his comments are somewhat hypocritical.

Mr. Clarke: When we raised VAT on fuel, we raised the pension and benefit levels to compensate. I shall not go through the arguments again, because the Labour party has now done what it wanted to do. However, it has always been true that retirement pensioners were the one section of the population not affected by our change. They were the only ones who were compensated for it.

The increase in VAT on domestic fuel was an environmental measure. I found it amusing yesterday to listen to the Chancellor go on about environmental measures and then a little later reduce the tax on domestic fuel that the Conservative Government had introduced. When I was defeated on the second instalment of the imposition of VAT on domestic fuel, I said that everyone in the House of Commons would benefit from the defeat except pensioners, because we cancelled the increase in pensions to offset the change. The bigger people's houses, the more they will benefit from the reduction on VAT in domestic fuel, but the windfall tax and its effect on the utilities will more than wipe out any benefit.

The Government have increased tax on petrol. The housing market has been tackled, not, rather surprisingly, by getting rid of MIRAS but by cutting it back a little. The increase in stamp duty on bigger houses falls between two stools. It is not enough to affect the housing market. I do not believe that the housing market is overheating seriously outside the south-east of England. The increase in house prices is extremely patchy. The Government must be cautious in hitting the housing market when it is recovering from such a dead condition that it could still come back to normality.

The Government's measure is a small way of raising revenue at the expense of those buying a house or moving house. I do not remember the Labour party mentioning it at the general election. If the Chancellor had told owner-occupiers that he was contemplating increasing stamp duty, more of them might not have voted for his party.

Reference has been made to spending. I welcome that, because it is a complete change from what the Prime Minister and the Chancellor have said until now. The Liberals got in first. They were right to say that it was an idiotic commitment by the Government to say that they would stick to departmental spending totals for the first two years. No Government in history have done that. We have had a public spending round every year. All sensible Governments readjust their priorities. I am flattered by the extent to which the Chancellor still sticks to my spending totals for last year. Local authorities will have to stay with what they have got, except on education. The police service will stay with what it has got; so will the Prison Service.

The Chancellor has not made the slightest attempt—which I would have done, with my Chief Secretary—to go around Government Departments to try to take

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something out of their total to move to priority services. The Government have announced some welcome easing, but not for this year. My totals for this year, which the lobbies are complaining about, are endorsed by the Chancellor. He is sticking to them. I advise Government Back Benchers not to support the complaints of local authorities or health trusts about this year's figures. The Chancellor and I agree on them.

The Chancellor has increased spending on health and education next year by worthwhile but not spectacular amounts. We did better than 2.25 per cent. real growth in the national health service in most recent years.

Mr. Dorrell: It was the average.

Mr. Clarke: My right hon. Friend the former Secretary of State for Health tells me that 2.25 per cent. was average. We did much better than that in some years. Many hon. Members who are new to the House have only to hear the word "billions" and they wave their Order Papers. It is as well to listen to how many billions when one is talking about education and health. Even I thought that the capital expenditure on education—more than £1 billion from the windfall tax—which I welcome, sounded like a great deal of money. I had not appreciated that the amount was spread over five years and every local education authority.

My hon. Friend the Member for Maidenhead (Mrs. May) is right about current spending on education. I always exhorted the local authorities to pass on the increased standard spending assessment to schools, but the Labour ones did not. A letter from the Secretary of State for Education and Employment asking them, "Could you please do so this year?" is not guaranteed to succeed.

Mr. Edward Davey (Kingston and Surbiton): Will the right hon. and learned Gentleman give way?

Mr. Clarke: No. I said when I gave way to the hon. Member for Gravesham (Mr. Pond) that it was for the last time. I should conclude.

The extra spending on education, modest though it be—I apologise to the hon. Member for Kingston and Surbiton (Mr. Davey), a Liberal Member who no doubt agrees with my strictures on public spending, for not giving way to him—is drawn down from the contingency fund. We drew money down every year, but we usually waited to discover that we did not need it before doing so. What happens if a contingency arises? What happens if mad cow disease turns into mad sheep disease or there is some disaster we wait to see? The Chancellor has waved those arguments aside in order to have something to say to cheer up his Back Benchers in his July Budget.

The Budget imposes a dramatically increased tax burden. That is from a Chancellor who lectured me all the time in opposition about the extent to which we had increased the tax burden on the British economy. We now have tighter monetary policy. The Governor of the Bank of England has been let free to have charge of monetary policy. When I was Chancellor, I found that it was no good looking to market expectations. The markets guess what the Chancellor or Governor is going to do. They do not tell the Chancellor that they have inner wisdom that is denied to him.

When I was Chancellor, the expectation was that interest rates would peak at about 7 per cent. by this stage in the cycle. In fact, I never, ever went higher than 6.75 per cent. Interest rates of 8 or 9 per cent. are now predicted. I remind the Order Paper wavers that that can only produce in two years' time slower growth, slower creation of jobs and possibly a rise in unemployment if the Government have overdone it completely, and some abatement in the expected rise in living standards. In two years' time, the economy will have slowed down too much.

I know what the Government will do. I do not think that the Chancellor will mind if the economy slows down too much. He is cynically prepared to pay that cost. If the economy slows down too much, he will kick-start it. There will be more public expenditure. He will start cheering up the lobbies and prepare to cheer up the electorate. He is increasing taxes now as soon as he can after the election in ways that he thinks people will not notice, in order to spend public money more generously to buy votes later in the Parliament and win the election.

The Chancellor's policy is simply the dreaming up of cynical excuses to justify the tax hikes, despite election promises, and make a political Budget sound as if it has a respectable economic purpose. In my opinion, that will sacrifice jobs and growth in the meantime.

The sole purpose of a Government's economic policy should be to create the stability that enables jobs to be created, living standards to rise and the British economy to become one of the most successful and efficient in the western world. The legacy that the Labour Government were given gave them every ability to do that, in the national interest. The party that has taken power puts politics before the national interest. Only a day after the Budget, it is not very popular. The true costs will be felt by the British public in the next two, three or four years. We have to bring that home to the British public.

5.47 pm

Mr. James Plaskitt (Warwick and Leamington): Thank you, Mr. Deputy Speaker, for giving me the opportunity to make my maiden speech in this debate. It allows me to confirm, especially for the benefit of the right hon. and learned Member for Rushcliffe (Mr. Clarke), that the Budget measures introduced by my right hon. Friend the Chancellor are welcomed throughout the constituency of Warwick and Leamington, which I have the honour to represent.

I have illustrious, not to mention knighted, predecessors. From 1924 until shortly after the Suez crisis, the constituency that I now represent was held by Captain, later Sir, Anthony Eden, who became a Conservative Prime Minister. My immediate predecessor, who served the constituency from 1968 until the last general election, was Mr., and later Sir, Dudley Smith. I am beginning to wonder whether my constituents think that it is a prerequisite that their Member of Parliament be knighted, judging by the number of letters that I receive addressed "Dear Sir James".

I have had the opportunity to look back at the maiden speeches of my illustrious predecessors. I note that they were all made during debates on historic issues of the time. Sir Anthony Eden's maiden speech urged the then Labour Government to embark on a programme of rearmament. Sir Dudley Smith's maiden speech urged

the then Labour Government to toughen immigration restrictions. I am glad that I have the opportunity to maintain the tradition of Warwick and Leamington Members making their maiden speech in historic debates and addressing Labour Governments. I am delighted that I can set a precedent, because I can speak to a Labour Government from the Labour Back Benches.

I am somewhat surprised, looking back to my predecessors' maiden speeches of 1924 and 1968, that neither of them told the House anything about the constituency. So much for that tradition. As right hon. and hon. Members have heard little or nothing about Warwick and Leamington for 75 years, I think the House should receive a quick briefing.

There are many attractive features to my constituency. Warwick is an historic town in its own right and possesses one of the most splendid mediaeval castles in England. Similarly, Leamington is an historic town. It possesses many fine buildings, including some of the best examples of Regency architecture to be found in the United Kingdom.

The constituency incorporates many delightful Warwickshire villages. It includes, since the boundary revision, the attractive town of Henley-in-Arden. It is possibly the most prosperous part of the constituency but, interestingly, the only one to have approached the recent general election with any experience of Labour representation. It was formally part of the Stratford-on-Avon constituency, which was represented for a while, before 1 May, I am happy to say, by the Under-Secretary of State for Education and Employment, my hon. Friend the Member for Newport, East (Mr. Howarth), who was located a short while ago on the Government Front Bench.

My constituency benefits from a substantial cultural diversity, reflecting settlement into the area that began 30 or 40 years ago. It is a development from which the entire constituency benefits. I am pleased to say that we regularly celebrate the cultural diversity of our community. The efforts of many voluntary organisations and local authorities have ensured generally harmonious relations between the various communities. There is, however, a considerable caseload of immigration appeals as families in my constituency wrestle with various regulations.

I am happy to pay full tribute to my immediate predecessor for his tireless work on behalf of many of my constituents who were, or are, caught by immigration regulations. Things have already been made easier, I am glad to say, by the welcome abolition of the primary purpose rule announced by the Government.

Leamington Spa, for the past two years, has been designated in surveys as the most profitable town in England in which to do business. There are many thriving small businesses and many large employers, many of which are concerned with the car industry, such as Ford, Volvo and Automotive Products. We also have communications and technology-based companies such as IBM.

Thriving though these businesses are, they have concerns about the future. They were looking to my right hon. Friend the Chancellor of the Exchequer to bring forward certain measures to address their concerns. I am happy to say that their concerns have been met.

First among the concerns frequently expressed to me are those that relate to employment constraints, especially the shortage of skilled young people. Manufacturing employers tell me that it is often difficult to fill apprenticeship places. The fact that the manufacturing sector has spent so many years in decline has damaged the image of that sector for many young people. That is something that we shall need to remedy in years to come. I believe that we shall do so as we begin the vital task of rebuilding such an important part of the economy.

Despite apprenticeships, hundreds of young people in my constituency are out of work. Measures to create education, training and employment opportunities for 18 to 25-year-olds will be welcomed both by young people and by local businesses.

A second area of concern to businesses in my constituency is the exchange rate. Many firms export a substantial proportion of their output. They have been concerned about the recent 18 per cent. appreciation of sterling and the difficulties that that creates for winning and holding export markets in a global economy. Companies in my constituency may still be concerned to some extent that perhaps not enough has yet been done to restrain the appreciation of sterling.

If, as my right hon. Friend the Chancellor of the Exchequer judges—I think that he is right—the output gap has probably closed, it is important to dampen domestic consumption in the short term until my right hon. Friend's welcome measures to promote investment and expand the productive sector of the economy begin to bear fruit in the longer term.

If we rely primarily on monetary policy to do the job, there could be an appreciable further rise in sterling. The impact on our exporting manufacturing sector would not be welcome. Nevertheless, it will warmly welcome the fact that the Government have a commitment to fiscal rectitude and to a five-year deficit reduction programme. That will minimise the risk of higher long-term interest rates, which will combine with the welcome tax incentives in the Budget to stimulate investment. Progress towards a fiscal balance in line with the golden rule of my right hon. Friend the Chancellor of the Exchequer will in itself be a stimulus to business.

The third and final area of concern of local businesses in my constituency is the European Union. Companies in the constituency have had anxieties about relationships with the EU for some time, although I think that they began to ease after 1 May. The companies of which I speak urge a constructive approach towards membership of the EU. They urge also completion of the internal market. They fear nothing from inclusion in the social chapter. That being so, they have every reason to welcome the support of business that has come already from the changes that the Government have brought about.

All the aspects of the Budget to which I have referred are welcome to the business community in my constituency. There are also other sections of the community, however, that will welcome my right hon. Friend's measures. At the same time as we enjoy a good business base, we experience also many of the results of past economic mismanagement. Too many families are living in hopelessly inadequate accommodation. In Royal Leamington Spa, for example, people are sleeping rough on the streets. There have been 100 this year so far. Also in Royal Leamington Spa, we have a daily soup kitchen, which is run by dedicated volunteers.

[Mr. James Plaskitt]

Tackling the housing crisis is an urgent imperative. The decision to begin the phased relief of capital receipts will be most welcome, as will other measures in the Budget to bring general stability to the housing market as a whole.

There are too many families caught in a welfare and poverty trap, and especially single parents who are anxious and willing to work but unable to find work that will pay in relation to benefit income. The decision to embark on a general review and begin to create a modern welfare system incorporating a child-care strategy will be most welcome.

In my constituency, there are no fewer than 19,000 pensioners, many of whom live in straitened financial circumstances. They will especially welcome the direct help that they will receive with the coming winter's fuel bills. I hope that my right hon. Friend will be able to do more for such an important section of the community in future Budgets.

The schools in my constituency are doing an outstanding job but under intense financial pressure. There are still some hopelessly inadequate buildings. These schools will raise a chorus of approval for the measures announced yesterday that will in due course bring urgently needed additional resources for classrooms and for children. I hope that this benefit will not be cancelled out by my right hon. Friend the Secretary of State for the Environment, Transport and the Regions as he considers Warwickshire's case for redetermination.

I reluctantly accept my right hon. Friend's announcement that local authority capping will apply again next year. It remains, as it always was, a fundamentally undemocratic practice, and it undermines meaningful local democracy. We are, of course, rightly committed to its removal. I hope that next year will be the last year of capping, and that thereafter we can begin the process of restoring vitality to local government and of seeing further improvements in important local services.

As I said earlier, my predecessors made their maiden speeches in historic debates. I am glad that I have been afforded the same opportunity. The Budget sets the course for sustainable growth, low inflation, stronger investment, fair taxation and decently funded public services. That is what the people of Warwick and Leamington voted for on 1 May. That is why they sent me here. I will be able to support the Budget, on these measures, confident that we have begun the task. I commend it to the House.

6 pm

Mr. Don Foster (Bath): I am sure that the whole House would wish to pay tribute to the hon. Member for Warwick and Leamington (Mr. Plaskitt) for an excellent maiden speech. I have no doubt that the House appreciated his tribute to his predecessor, Sir Dudley Smith, and to his work for individual constituents.

I have no doubt that the House has suffered, almost in silence, for 75 years from not having heard more details about the hon. Gentleman's constituency. Not only were we grateful to have heard more about it; no doubt his constituents were, too. That may ease his passage to the knighthood that he so clearly craves.

I suspect that there will not be uniform agreement in the House about the hon. Gentleman's comments on the undemocratic nature of local government capping. Liberal Democrat Members entirely agree with him and feel it a great pity that other hon. Members on the Government Benches do not seem, at the present time at least, to support his view.

The hon. Gentleman referred to his concern for schools. I shall pick up on one or two of the points that he made, because I share his concern about the situation in our schools and fear that the Budget will not offer the comfort that he currently believes is contained within it.

Yesterday, my right hon. Friend the Member for Yeovil (Mr. Ashdown) made it clear that the Liberal Democrats believe that there are some good elements in the Budget, but we do not believe that, when taken together with the many aspects of the Budget, with which we fundamentally disagree, they can lead us to support it. Therefore, as my right hon. Friend made very clear yesterday, we will not support it. We believe that the Budget is rather like the proverbial curate's egg—good in parts. Some of those good bits offer jam tomorrow, but frankly there is precious little of it, as I shall demonstrate shortly.

The right hon. and learned Member for Rushcliffe (Mr. Clarke), in an excellent speech that the House will have thoroughly enjoyed if not entirely agreed with, made it clear that the more one analyses the content of this Budget the more one will see that it will not deliver what the Chancellor, in his hype, suggested it would deliver. Indeed, it is probably fair to say the Budget is more of a triumph for the spin doctors than for the British people.

As the former Chancellor said, the British people will certainly be hit by higher taxes. There is nothing intrinsically wrong with higher taxes. Indeed, my party has been clear and consistent on the issue. We have long argued for increased taxes, and have said very clearly what those increases should be. We have said clearly that they should come through the fair, open and honest form of taxation—income tax. We have made very clear what we would use the revenue from an increase in income tax to fund.

The Liberal Democrats have also made it very clear that we would have had a different Budget. Our proposals to increase carbon tax while reducing employers' national insurance contributions would have meant a switch away from things that are bad, such as pollution, to things that are good, such as creating employment.

Sadly, that is not what the Chancellor did in his Budget. He has certainly raised taxes. It is estimated that the average taxpayer will have to pay an extra £234 per year—£1,100 extra during the course of the Labour Parliament. Those taxes have been raised not through fair taxation but through hidden taxes, which the Chancellor hoped that the public would not notice. We believe that such taxes are wrong. They will not stop interest rates from rising, because they will not cool the consumer boom. Nor will they, in many cases, help businesses.

The Institute of Fiscal Studies has today analysed the Budget and argues that the net effect of the various tax measures will be a £3 billion tax increase on businesses. Because the consumer boom is not being tackled, businesses will face high exchange rates, which affect exports, and the very real likelihood of higher interest rates. In other words, the Budget is offering a triple whammy to businesses in this country.

The extra taxes that are being raised are also wrong, because they are not being used to improve our essential public services. What warning were we given for the taxes

that are in the Budget? What reference was made to them in the lead-up to the Budget? Indeed, what reference was made in the Labour party's election manifesto to a tax on pensions?

The current Chancellor of the Exchequer must believe that it is right for political parties to make clear in advance their taxation plans, because, after the Lamont tax-raising Budget of March 1993, following the 1992 general election, he said:

"If he cannot point out the section of the election manifesto which warned of increased tax rises for the ordinary voter . . . he should be ashamed of himself."—[*Official Report*, 17 March 1993; Vol. 221, c. 291.]

I believe that the current Chancellor should be ashamed of himself, because he has introduced taxes of which no warning was given in the Labour party election manifesto. He has betrayed the very spirit of the Labour party's promises on taxation. It is also clear that he has betrayed the Government's promise on education. "Education, education, education," said the Prime Minister in the lead-up to the election. But has this Budget really delivered for education? There is no doubt whatever that it has delivered more than many people expected, or could even remotely have expected.

After all, despite repeated questions from my right hon. Friend the leader of the Liberal Democrats, from me and from many of my parliamentary colleagues, we were told categorically, time after time, that individual departmental spending ceilings would not be breached. Yet there has been a significant U-turn by the Government in a very short time. In the two keys areas of health and education, the departmental ceilings are to be broken. It is a U-turn, but I congratulate the Secretary of State for Education and Employment on persuading the Chancellor to break the clear commitment that they gave only a few days ago.

The Chancellor announced an extra £1 billion for education—taken, incidentally, from the contingency reserve. One might argue that that will leave them in a rather parlous state and perhaps unable to sustain the pressures that may well come because of the pressures on many other public service areas. He implied that it is only a one-off increase in spending, a one-off payment into education. Even given that, one could argue that something is better than nothing, but the real question is whether it will be enough. One thing that is clear is that it will do nothing to help this year. It will do nothing to help resolve the crisis that exists in our schools at present. Class sizes will continue to rise. Already one in three primary pupils are in classes of 30 or more. I wonder how that figure will look in a year's time.

Were he in his place, the Secretary of State would no doubt intervene to say that the Government are doing something; that they will reduce class sizes by the transfer of money from the assisted places scheme for children aged five, six and seven to maintain the pledge, that they gave to the British people.

But it is worth reflecting that, from the figures that we now have of the amount of money which, in the forthcoming year, will be transferred from the assisted places scheme, that amounts to the equivalent of 1p per pupil per day. It is simply not enough. I have consistently said that it is not enough to deliver that election pledge, but the Government have consistently said that I am wrong.

The story has now broken. Only yesterday, the Minister for Education and Industry, Scottish Office, the hon. Member for Cunninghame, North (Mr. Wilson), also acknowledged that there will be insufficient money from the assisted places scheme to ensure that the Government meet their commitment on class size. That was plastered all over the Scottish press. Class sizes will continue to rise.

Similarly, the Secretary of State referred to the 600 primary schools with outside loos. They will continue with outside loos for at least the next 12 months. He referred to the 25,000 temporary classrooms. For the next year at least, there will continue to be 25,000 temporary classrooms. Buildings will continue to crumble, and roofs, as the right hon. Gentleman said, will continue to leak. There is nothing in the Budget for education this year. Therefore, there is no comfort for the hon. Member for Merthyr Tydfil and Rhymney (Mr. Rowlands) who, only three weeks ago, addressing members of the Government Front Bench, said:

"Ministers must address the crisis facing primary schools now".—[*Official Report*, 10 June 1997; Vol. 295, c. 957.]

Ministers have failed to deliver for the hon. Gentleman.

But if there is no jam today, what of the jam for tomorrow? We are told that there will be £1 billion extra for schools. It sounds like pennies from heaven until we start to analyse the reality. Put simply, it goes like this. First, there is no extra money for further education, at a time when, under the previous Government's Budget, the money for further education was to be cut. That means that there will be further cuts in further education. Secondly, there is no additional money for higher education. That means that there will be further cuts in the higher education sector.

Yesterday the Chancellor announced that he was increasing the inflation targets for the current year and the next financial year and that, in turn, he was therefore increasing the GDP deflators, in both cases from 2 per cent. to 2.75 per cent. Taking those two years and that increase together, it will cost somewhere in the region of £500 million to meet that increased cost of inflation to the education sector. Therefore, the amount of money that is now left of the £1 billion to spend on any improvements is only £500 million.

But then the Chancellor announced his taxes that will hit pensions. They will hit the local authority pension schemes as well, and the local authorities will have to find the money to replace the money that is lost. That too will reduce the amount left from the £1 billion.

We now have a situation where the increased money that is available in real terms is less than £500 million. Yet if we go to the local education authorities and ask them simply how much money they need to stand still to take account of the continuing overhang of the second half of the teachers' pay award, changes in legislation on school transport and seatbelt rules and, in particular, the increased number of pupils that there will be in our schools, they will tell us that in England alone they need well over £500 million, so in the Kingdom as a whole they will need even more than that.

The net effect of all that is that the £1 billion on offer for next year—not for this year; there is nothing for this year—will not even be sufficient to allow our education service to stand still. As a result of the Budget announced yesterday, there will be further cuts in our schools. Therefore, as I said, jam tomorrow but not very much of it.

[Mr. Don Foster]

That, sadly, is true in so many other areas of the Budget. The hype was impressive. For example, we are told that £150 million will come each year from the mid-week lottery to help child care. We are also told that £200 million will come from the windfall tax over the lifetime of the Parliament. That amounts, roughly speaking, to £200 million a year.

If that is the case, and if we accept that there are about 1 million lone parents each with two children, that £200 million a year amounts to the staggering sum of £2 per week per child. Frankly, one cannot buy much child care with that. Not widely reported is the fact that the new Government are continuing the plans of the previous Tory Government and freezing benefits to lone parents, so that the extra available is effectively wiped out.

The Government may say that that may be true but, nevertheless, they are extending the child care disregard, uprating it from £60 a week to £100 a week, so they are doing something. However, if one looks at the figures, one sees that only one in 20 of lone parents entitled to family credit currently benefit from the existing child care disregard, so the chances of more being helped by the uprating are slim. Let the House not forget that the increased disregard is available only to those lone parents with more than one child. It is no wonder that the so-called bonanza is reckoned to cost the Treasury only £10 million.

We are now told that there is to be a national child care strategy, but we have to ask what that strategy is. If there is some extra, however small, for child care, for education and health—although we must reduce the increase for health because of the impact of the increased GDP deflator and the abolition of tax relief on private medical premiums—there is no additional money for other vital public services such as the police and social services. As the right hon. and learned Member for Rushcliffe said, the present Government are accepting for those services the spending targets and limits that he set for them, so there is no extra. Yet they will now have to face the increased pressure of that rise in the GDP deflator.

Therefore, it must be questioned whether that extra money for education can, in any shape or form, be ring-fenced or whether it will end up propping up the equally vulnerable services. The overall picture for our public services does not look rosy.

Only today, the Institute of Fiscal Studies, in the briefing to which I referred earlier, looked at the three scenarios for public finances that are offered in the new Red Book. Its analysis, if I understood it correctly, shows that, even taking the most optimistic estimate of growth in public spending, when the new Government's plans are compared with the historic position of the previous Government there would, in the last year of the Parliament, be a cut in public service spending of £15 billion. In other words, according the IFS, Labour will spend £15 billion less on public services, on its current plans, than might have been expected to be spent by the Tories in the last year of this new Parliament.

The centrepiece of the Budget—the part that we heard most about from the Secretary of State today—is the welfare-to-work programme, paid for by the windfall tax. My party fully supports the principle of welfare to work, and we offer to support the Government in any way that we can when they introduce the measure. Getting people off benefits and into work must be the right way forward; we applaud the new Government for making a start.

We would not have gone about it in quite the same way. We would have helped to boost job creation by cutting employers' national insurance contributions, which are a tax on jobs. We would initially have targeted the additional help on the parts of the country with the worst unemployment. We would have given a greater boost to child care provision. Additionally, we would have tackled the root cause of unemployment by significantly increasing—far more than the Government have—investment in education, especially in schools and nurseries.

Generally, however, we welcome the Government's moves and will do what we can to support them. We believe that they offer real hope to many of the young people who feel that there is no hope. But we must record a severe reservation about the compulsory aspects of the scheme. I am grateful for today's assurance from the Secretary of State that, during the adjudication process or an appeal, someone who chooses not to take up any of the options will still be able to receive benefit. But the vast majority of people who are out of work clearly want to be in work or to take up training opportunities that will improve their employability. So we see no need for a compulsory element to the scheme; indeed, we perceive several dangers in it.

I hope that, when the Financial Secretary replies to the debate she will assure the House that the Government will publish in full the results of the proposed pilots and include in any review of those pilots details of what happened to people whose benefits were cut because they failed to join one or other of the elements of the package.

We certainly do not support the Government's way of funding the welfare-to-work scheme, however. We fundamentally oppose the windfall tax, which is unfair and retrospective. Nor will it hit its intended target: the fat cats. It will hit ordinary people such as pensioners, those who hold endowment mortgages, and many others. It will hit many people who gained nothing when the immediate gains were made just after the utilities were privatised. The House will have noted from the Secretary of State's speech today that he accepts that it is a retrospective tax. He made it clear that he was referring to the taxation of profits made in the past.

An analysis of shareholding revealingly shows that the tax will not hit the fat cats. In my area's water company, Wessex Water, immediately after privatisation there were 186,000 small shareholders. Within two months, that had fallen to 124,000. It now stands at only 60,000—in other words, most of the fat cats have gone. Only 15 per cent. of the shares of Wessex Water are owned by individuals; all the rest are held by institutions which, as might be expected, have moved in and out of Wessex shares over the years.

We cannot support a Budget that contains measures with which we fundamentally disagree. We cannot support a Budget that uses backdoor tax rises instead of the fairer, more honest approach of income tax rises. We cannot support a Budget that does little more than ensure a standstill for health and education. The country deserves more than standstill: it deserves to move forward. We should have preferred a Budget that achieved that, which is why we shall not support this one.

6.24 pm

Mr. David Borrow (South Ribble): I begin by thanking the voters of South Ribble for showing their confidence in the Labour party by electing me to represent them on 1 May. I find myself in this Chamber because of a cruel twist of fate. In January 1996, the Labour party in South Ribble selected Dennis Golden as the candidate. In January 1997, ill health forced him to resign as the Labour candidate. Thus, not only did he fail to achieve his lifelong ambition of representing the constituency in which he lived; he also failed to live long enough to see the election of the Labour Government. I am therefore conscious that I arrived here in tragic circumstances.

Dennis lived in Leyland and held a county council seat there. He served as chair of the highways committee on Lancashire county council. He was a tireless worker for the people of Leyland. He worked at Leyland Motors, the heart of the town, and was a pillar of the engineering union. During the election campaign, many members of that union from across the constituency told me little tales of how Dennis had helped them. I am glad to pay this tribute to a fine socialist.

I was gratified to learn while in my constituency last week that the local authority has agreed to name a road there after Dennis Golden—a fitting tribute to the chair of the highways committee of Lancashire county council, a post he still held on the day he died.

The constituency was created in 1983, when it shared the boundaries of South Ribble borough council. Between 1983 and this year's election, it was represented by Robert Atkins, who became my Member of Parliament when he was elected, by 20 votes, to represent Preston, North in 1979. Ron Atkins, the defeated Labour candidate, remains a good friend of mine and continues to serve on Preston borough council as chair of the planning committee. I have spoken to him since the election. The election of a Labour Government gave him great pleasure, and he was particularly pleased that his daughter, Charlotte, has been returned as the hon. Member for Staffordshire, Moorlands (Ms Atkins).

Robert Atkins had a reputation in the constituency as an assiduous dealer with correspondence. His reputation owed a great deal to his wife, Dulcie, who ran the constituency office and whose personal manner with constituents was often praised during the election campaign. Robert served as a Minister in several Departments, including the Northern Ireland Office and the Department of the Environment. He also took a particular delight in being the Minister for Sport—like the right hon. Member for Huntingdon (Mr. Major), he loves cricket. I am sure that he will now have more time to devote to the cricket at Lord's.

I also pay tribute to my hon. Friend the Member for West Lancashire (Mr. Pickthall), four of whose wards were transferred to South Ribble in the boundary changes. He gave me a great deal of help before and after 1 May, for which I give him these public thanks.

My constituency can be divided into three distinct parts. The principal town is Leyland, an old manufacturing town which has traditionally depended on the commercial vehicle industry. The forerunner of Leyland Motors was founded in Towngate, which is in Leyland, in 1896. When I first moved to central Lancashire in the mid-1970s, Leyland was a thriving town to which thousands of people travelled by bus and train each day to make buses and trucks. It is a tragedy that, over the past 18 years, so much of that industry has gone.

I pay tribute to the work of Lancashire Enterprises and Lancashire county council in rescuing Leyland DAF in 1993. I was pleased to have the opportunity, on Wednesday last week, to welcome the Prince of Wales to Leyland Trucks so that he could see the company that had been born out of the ashes. It is expanding, taking on more staff and investing heavily in new trucks and new ideas.

The second chunk of my constituency is best described as the southern suburbs of Preston, lying to the south of the River Ribble. As a former leader of Preston borough council, to the north of the river, I well remember many of the communities in the area participating in the Preston guild celebrations of 1992.

The remaining part of the constituency contains about a dozen small rural villages stretching between Preston and Southport. They are partly commuter villages, but, in many respects, they are agricultural, specialising in horticulture and market gardening. There is also a good deal of poultry breeding. As the new Member of Parliament for South Ribble, and as a confirmed townie, I found it particularly interesting to meet and talk to farmers in the constituency.

It is customary in maiden speeches to mention figures from the past who have served in all or part of one's constituency. Leyland, in my constituency, used to be part of the Chorley constituency. I was very pleased when George Rodgers, the former Member of Parliament for Chorley, spent several days working for my election campaign, and I know that he was pleased when the result was announced.

I want to mention another former Member of Parliament for part of my constituency. Until recently, I did not realise that he had represented it. As a Yorkshireman, born in Huddersfield, I was interested to find that, 50 years ago, Ormskirk had been represented by another Yorkshireman born in Huddersfield, the late Lord Wilson.

The Budget should be judged on the basis of two sets of criteria. The first relates to the Government's policy objectives and priorities. Those will not necessarily be shared by the Opposition parties, but Labour Members must assess the Budget according to how far it goes towards meeting them. That is part of the test that we must apply.

The second set of criteria involves the extent to which the fiscal and monetary policy in the Budget creates stability and eases the excesses of the business cycle. Obviously, exchange rates and interest rates are a particularly important aspect of that. In any Budget debate, those two factors can sometimes work in opposite directions.

Let me deal first with the policy priorities and objectives. I remember visiting Leyland in 1975 and seeing a thriving town. Many people worked in manufacturing industry, and school leavers could walk into apprenticeships. My generation, brought up in the 1960s and early 1970s, could not only expect to be better off than our parents, but could look forward with some optimism to a secure future. By and large, our expectations were justified, but the young men and women in my constituency today do not enjoy the same

[Mr. David Borrow]

sense of security. They do not believe that they will experience better living standards than their parents or that their jobs and futures will be more secure.

One of the tragedies of the past 18 years is the fact that work has become less secure. So many jobs are part-time, casual or fixed-term, and so many jobs are low-paid. A social tragedy and a growing problem in society is that while, at the age of 16 or 17, members of my generation could expect to settle down, establish homes and start thinking about raising the next generation at 28 or 29, that is no longer a prospect for all too many youngsters in their late teens and early twenties. We should not be surprised by the violence, drugs offences and other crime that we now see—all the social problems that blossomed during the years of the Tory Government.

The key measure in the Budget is the welfare-to-work proposal, which goes to the heart of what I see as the basic problem in society. That proposal begins to give the generation to which I refer some hope of secure employment and of security in later life. It will be particularly effective when combined with legislation to establish a minimum wage.

All too many youngsters are paid such poor wages that they have no prospect of leaving home, settling down and bringing up a family—and we wonder why they feel that they are not part of society and why there is social breakdown. Unleashing market forces produces winners and losers. We have seen the salaries of the winners, and we have seen the social consequences for the losers. Combining welfare-to-work measures with legislation for a minimum wage will constitute a crucial first step towards stabilising our society.

I was interested to hear the Chancellor's proposals for the release of capital receipts, which will improve—albeit only marginally—not only employment among building workers, but the prospects of people in poor housing or no housing at all. That, too, is a useful step in the right policy direction.

If I am asked whether the Budget meets my Government's policy priorities and objectives, I will say that it does. It meets the policy priorities and objectives of the people who voted for me on 1 May.

Will the fiscal and monetary policies produce stability and cushion the excesses of the business cycle? There have been contradictory comments by Opposition Members. The figures given by the Chancellor yesterday show that, in the current financial year, £6 billion is being taken out of the economy by the reduction in the public sector borrowing requirement. A similar amount is proposed for 1998–99.

Classic economic theory has it that a rise in interest rates and a rise in the value of the pound are linked to excessive demand in the economy with which the economy is not structurally strong enough to deal. Therefore, it seems sensible to take some of that demand out of the economy. We can argue about whether it has been taken out in the right way, but the policy seems to be heading in the right direction. It is strange that Opposition Members are not prepared to admit that some demand needs to be taken out of the economy.

It is a pity that the right hon. and learned Member for Rushcliffe (Mr. Clarke) has left the Chamber. It has puzzled me for 12 to 18 months that insurance and housing finance companies have acted as if they were printing money and have put extra spending power into the economy in an uncontrolled way. The Treasury and the Government have to pick up the pieces as a result of those private decisions to print money, but there was remarkably little debate on such issues before the election. That increase in money which is about to circulate in the economy has had a significant effect on the Budget.

I have tried to keep my speech as uncontroversial as possible. I commend the Budget to the House and look forward to its provisions being implemented and well received in my constituency.

6.42 pm

Mr. Archie Norman (Tunbridge Wells): Thank you, Mr. Deputy Speaker, for this opportunity to make my maiden speech on the important subject of the Budget. I congratulate Labour Members who have made their maiden speeches today and welcome their interest in the businesses in their constituencies, especially the highly profitable ones in Leamington Spa. I share their interest and that of the Chancellor in the business community, but perhaps in a more substantial way. I should declare that I am chairman of Asda—the largest private sector employer based in the north of England—a director of Railtrack and a former director of British Rail. That establishes my public sector credentials as well.

I have tried to speak in the Chamber in previous debates, and I think this is about my 11th hour of taking assiduous notes. I have listened to many excellent maiden speeches and, as a result, my geography has been much improved. On this occasion, I do not intend to give the House a guided tour of my constituency, but I should like to speak about my predecessor, Sir Patrick Mayhew, who is now Lord Mayhew of Twysden.

It is not difficult to pay tribute to Lord Mayhew. He was a distinguished Attorney-General and his contribution as Secretary of State for Northern Ireland was remarkable. He undertook the role with an open mind, great objectivity, integrity, enthusiasm and relish, and he brought the prospect of lasting peace in Northern Ireland closer than at any time in the previous two decades. In the constituency and in the House, Sir Patrick was, in all respects, larger than life. He succeeded in making a contribution which was in many ways beyond politics. His halo still shines brightly in Tunbridge Wells and, as I am constantly reminded, he leaves large shoes to fill.

Mine is a delightful constituency, situated in Kent in the heart of England. Its focal point is Royal Tunbridge Wells, a spa town which was famous in the 18th century for its royal visitors who, I suspect, were able to get there rather more quickly than today's commuters. It has two major public finance initiative projects which are important to the local community and which were supported by the Conservative Government. The first is the long-awaited dualling of the A21, which is the main arterial route from London to Hastings. The second is a desperately needed new hospital because the Kent and Sussex hospital is divided into two parts and has outdated facilities. A PFI project for a new hospital is at an advanced stage.

Regrettably, both projects have been called in for one of the new Government's ubiquitous reviews. That means that, within two months of the election, my constituents

fear that they may have to pay a steep price for a Labour Government. I hope that those fears are unjustified. The people of Tunbridge Wells are famous, apart from anything else, for the forthright expression of their views in national newspapers. They are vigorous letter writers, as the Minister will find out before long if our transport and health projects are not approved.

My warning may be a little too late for the Chancellor. He will hear from many home owners in Tunbridge Wells and especially from those whose incomes are less than £15,000 a year. The majority of those who benefit from MIRAS are in that income range, and their incomes have been cut as a result of the Chancellor's action.

Many of my constituents are retired or saving for retirement and their pension funds will be hit by the changes to advance corporation tax. The abolition of tax relief on private medical insurance affects many of my constituents who are in nursing homes and many people in the insurance industry. It is short-sighted, mean-spirited and economically insignificant and can only add to the pressure on the health service. It is greatly regretted by my constituents. My ambition is to rebrand my constituents "Contented from Tunbridge Wells", but I fear that the Government have done little in their first few months to help me to achieve that aim.

Two of the Chancellor's main themes were business and employment. Unlike many Labour Members, I believe that experience in business, enterprise and industry is good for the Government and for the House. I am proud of my record in business and of the companies that I served. I welcome the Chancellor's intention to be business-friendly, and I also welcome the promotion of people with business experience to the Government. The appointment of the Paymaster General and of David Simon, the former chairman of British Petroleum, are a welcome recognition of the contribution that business can make to the policy and process of government. I am glad to see that my friend Howard Davies has been given a leading role in the Securities and Investments Board. It is good to see a former McKinsey man in gainful employment in public services. Hopefully, he will not be the last.

It was reported at the weekend in, I think, *The Sunday Times* that Martin Taylor had turned down a ministerial job. Of course, BP and Barclays are among Britain's 10 largest companies: Asda is about the 50th. Perhaps as the Chancellor works his way down the list I will eventually receive a call. My badge from my shopkeeping days reads, "Happy to help", which has always been my motto, but, of course, I cannot be certain that my help would be the sort that the Chancellor has in mind.

It is not long since the Secretary of State for Health described people like me as

"stinking, thieving, lousy, incompetent scum."

Even as I read the words I find them amazing. One of the great strengths of the House is that hon. Members are able to speak freely, and the right hon. Gentleman is entitled to his view, but I hope that there is a little truth in the last part of his epithet because my dictionary defines scum as

"matter which rises to the top in an otherwise murky liquid."

The right hon. Gentleman's words were, in the main, different from the more honeyed prose that we have heard from the Labour party in the past two years. Its business manifesto states that a Labour Government would create

"a dynamic and supportive environment in which business can prosper and thrive."

We hope that they will succeed in that endeavour, although it will be hard to better the achievement of the Conservative Government in the past 18 years, during which period there has been a comprehensive managerial revolution in the way in which we manage and employ people, create success and invite investment into the United Kingdom. To date, the words from the Government have been friendly, but the substance, I fear, has been increasingly hostile.

The Chancellor said that this is a Budget for investment and to secure our future. Business people are, in the main, practical, and we will wonder quite what he means. Our economy's future depends on competitiveness and profit and, so far, the balance sheet does not look too good. To start with, business people will wonder whether it is logical for a Government, who make much of the need for investment in infrastructure, transport and the waterworks, to reduce the prospect of further investment with a windfall tax.

The Chancellor said that the tax will not affect investment, employment or the cost of services. In fact, it clearly will. It takes investment cash from those companies, and it defies belief to suppose that obliging utilities to gear up and take on more debt will have no effect on investment. Surely we are all financially literate enough in this day and age to understand that taxing more means investing less. Stage two, we fear, may be regulation to force the investment, which the Government have made less attractive, by other means.

Business people will wonder also where the logic is in Labour's plans for the proceeds of the tax. They are to be used, apparently, to subsidise wages to create temporary jobs, but permanent jobs will be threatened as wage costs will be driven up with the introduction of a minimum wage. Those of us with experience of employing people and of being employed do not need to be the principal of the London business school to know that a minimum wage will mean fewer jobs. It will hit the most vulnerable people in society—in many respects, those whom the welfare-to-work programme is supposed to help, including the unskilled in particular, the handicapped, the young, the old and, yes, single mothers who work part time.

There is a piece of hypocrisy floating around that the minimum wage is a form of competitiveness—that it will even up the competitive field between employers who exploit employees by paying less and those who do not. The reality is that big business will not be affected by the minimum wage, but small business will. The companies affected will not be large and profitable; they will be the corner shop, the local pub, the small hairdresser and those that we need to support most.

Business people will wonder also how opting into the social chapter will help our competitiveness. I was curious and interested to hear the hon. Member for Warwick and Leamington (Mr. Plaskitt) say that businesses in Leamington Spa were not concerned. That is not my experience. Many small businesses throughout the UK are in favour of a free-trading Europe, but wholly opposed to further regulation in the form of the social chapter. New regulations in the form of works councils, supervisory boards and paternity requirements can bring us only closer to a European model of inflexibility and ossification.

[Mr. Archie Norman]

Business people will wonder also how taxing pension contributions by limiting tax relief on advance corporation tax can do other than raise the cost of employment. It is irrelevant for the Chancellor to justify that measure by claiming, as he did yesterday:

"Many pension funds are in substantial surplus".—[*Official Report*, 2 July 1997; Vol. 297, c. 306.]

If they are in surplus, that is a consequence of the funds that have been injected and of their investment performance. Those companies with surplus funds are taking advantage of that by improving their profits through a pension holiday. By definition, eliminating the scope for pension holidays means reducing those profits. It follows that, if those pension funds are in deficit in future, the money to fund them will have to come out of corporate profits. The £5.4 billion that this measure will raise has to come from somewhere. The cost of the Budget is in company profits and individual savings. That is corporation tax by another name for companies and a savings tax by another name for pensions.

It would be churlish of me not to welcome the cut in corporation tax, particularly for small businesses, many of which will benefit in my constituency, but the balance sheet for businesses in the first eight weeks of this Government is in the red—a small cut in their tax bill for a large slice of their pensions and a large increase in pension contributions.

After this Budget, business people will ask whether we have a Government who mean what they say about business, or a Government for whom business was simply a nice idea and who simply said what the electorate hoped they would. The Chancellor's grand words about investment and long-termism belie a fundamental shift in Government tone and policy—a shift towards a belief that it is Governments who create jobs and shape the economy. The question that business people will be asking is whether new Labour means a new form of socialism—not the ownership socialism of the past, but the regulatory socialism of continental Europe.

The assumption behind the Budget appears to be that the Government can engineer investment, whereas, in the business world, we know that subsidised investment is often the worst form of investment. The other assumption is that the Government can engineer and create jobs, whereas, in the business world, we know that subsidised jobs are often of the poorest quality and temporary.

It is not my intention to be unreasonably contentious. The Chancellor's aspiration to improve competitiveness and long-termism is, of course, one which we share. It is the means that we contest. This Budget is not a people's Budget, as the people will have to pay more tax. It is not a Budget for competitiveness or for enterprise. It is a Budget of taxation to enable a Labour Government to pursue political policies that involve spending more of the "people's money" on their well-meaning, but perhaps ill-judged, projects.

It is not a good Budget for business, for middle Britain or for my constituents in Tunbridge Wells. The business world is pragmatic, not ideological. Most business men operate in their commercial interests and in those of their shareholders and employees. We judge people by what they deliver, not by what they say. As far as we can, we call a spade a spade. Substance triumphs over style, decisions over reviews, and we will hold the Chancellor to account for his promises. Today, the jury may still be out, but the first signs for business and enterprise are ominous—very ominous indeed.

6.57 pm

Ms Patricia Hewitt (Leicester, West): Thank you, Mr. Deputy Speaker, for giving me this opportunity to make my maiden speech during the debate on the Budget. It has been a pleasure to listen to such fine maiden speeches this afternoon. I listened with interest to the speech of the hon. Member for Tunbridge Wells (Mr. Norman). Having spent many a pleasant weekend with friends in his constituency, I was sorry to hear that "Disgusted of Tunbridge Wells" remains disgusted. I hope that he will make good his offer to assist my right hon. Friend the Chancellor of the Exchequer by ensuring that Asda, the company with which he has had such a long association, participates enthusiastically in our welfare-to-work programme.

This is, above all, a Budget for jobs and families, which is why it is being so warmly welcomed in the constituency that I have the honour to represent. I know that my pleasure in this Budget will be shared by my predecessor, Greville Janner, whom many right hon. and hon. Members will remember as an effective Chairman of the Select Committee on Employment.

Greville Janner is remembered and known more widely for his lifelong opposition to racism in all its forms, for his distinguished presidency of the Board of Deputies of British Jews, for his sponsorship of the War Crimes Act 1991, and for his relentless pursuit of the secret repositories of Nazi stolen gold. In the constituency, however, he is remembered above all as an outstanding constituency Member of Parliament.

I remember last year knocking on the door of one elderly woman, who told me most movingly how her grandson had died many years ago in a tragic accident swallowing the top of a biro pen, which, in those days, lacked the tiny hole that would have enabled him to breathe sufficiently to remain alive. It was Greville who led the successful campaign for that safety measure in product standards. It was that sort of campaigning on behalf of his constituents for which not only he but his father—his predecessor in this House—is remembered.

Greville was one half of a unique father and son team, who between them represented my constituency for 52 years. Greville's father, who subsequently became Lord Janner, did not announce his decision to retire until after the 1970 general election had been called. Greville used to tell the story of his selection with great amusement. He claimed—I am sure quite wrongly—that he was assisted by the fact that the election posters, "Vote Labour, Vote Janner", had already been printed. I am sure that he would have been selected under any circumstances. He will no doubt forgive me if I say how grateful I am that his son decided not to follow in his footsteps.

I also want to pay tribute to three other outstanding public servants who served my constituency. Councillor Paul Sood was one of the most outstanding fighters for the Asian community, not only in Leicester, but throughout the country. Tragically, he died last year, just a week after being re-elected to serve as the city councillor for Abbey ward in my constituency. It was an enormous loss, but I know how proud he would be to see his widow, Mrs. Manjula Sood, now serving in his place.

All of us in the constituency were sad to hear last month of the death of Councillor Martin Ryan, who for many years was leader of the Labour group on the county council. He served, among other capacities, as the county councillor for the Mowmacre ward in my constituency. Just two days ago, I was also extremely sorry to hear of the death of the former councillor, George Billington, who had only recently retired as my predecessor's parliamentary agent. I will do my best to live up to the extremely high standards of public service which they and my predecessors have set.

I know that my hon. Friends the Members for Leicester, South (Mr. Marshall) and for Leicester, East (Mr. Vaz) will agree when I say that Leicester is a wonderful place in which to live and to learn. We are Europe's first Environment City. We are home to two first-rate universities. Many of their students, especially those at De Montfort, live within my constituency.

Although it may distress some right hon. and hon. Members to acknowledge this, now that Leicester holds the triple crown of sporting achievements in football, rugby and cricket, we are indeed Britain's sporting capital. I am delighted to say that, now that the Millennium Commission has chosen the project for the national space science centre, to be sited within my constituency, as the landmark millennium project for the east midlands, we will shortly be the space capital as well.

Leicester, West is a constituency of captivating variety. It stretches from the old industrial buildings along the banks of the River Soar and the Grand Union canal, which form part of the border of the constituency. It takes in a small part of the city's old mediaeval centre—although, less happily, we also take in some of the inner-city ring road, built in the 1960s with a distressing lack of sensitivity for that old mediaeval heritage. It extends down the Belgrave road, which marks the border between my constituency and that of my hon. Friend the Member for Leicester, East, where the red brick cottages of 19th century weavers are now the heart of Leicester's Asian community, and from there across to the new estate of Beaumont Leys and the longer-settled communities of Mowmacre, Stocking Farm, New Parks and North Braunstone.

I know that residents, especially on those estates, will warmly welcome my right hon. Friend the Chancellor's announcement yesterday that he would rapidly begin the release of council house receipts, which will make possible desperately needed repairs and renovations to their homes.

Above all, Leicester is rich in its people. We are well known, and rightly so, for our cultural and racial diversity. By the year 2000, half the young people of our city will come from the ethnic minority communities. Leicester is fortunate to be home to many thriving businesses and to a variety of churches, temples, gurdwaras and mosques that are at the heart of the communities they serve. It is home also to a number of theatres, festivals and arts performances from a variety of different traditions.

Like many of my constituents, I am a citizen not only of this country, but of another—in my case, Australia. In this Parliament, I am the only Member also to be an Australian citizen. Like many of my constituents, I know what it is like to have families in two countries, so I know how much many families in my constituency warmly welcomed my right hon. Friend the Home Secretary's early decision to abolish the odious primary purpose rule.

I must mention also the parks and open spaces with which my constituency is so richly endowed. Perhaps suitably for Europe's first Environment City, Western park in my constituency is home to one of the country's leading green charities and consultancies, Environ, along with the flourishing city farm on Gorse Hill—both of which will, I hope, play a considerable role in creating the environmental task force within the east midlands.

I regret to say, however, that our enjoyment of some of our open spaces is all too often spoiled by the arrival of unauthorised travellers, who themselves have too few authorised sites to which to turn. I hope that my right hon. Friend the Deputy Prime Minister will be sympathetic to the case that I will be making on behalf of my constituents for a badly needed review of the previous Government's law and practice in this area, which has proved so disastrous.

Perhaps too often neglected in my constituency and others like it are the outer-city estates. Almost half of my constituents live on such estates. Listening to my right hon. Friend the Secretary of State this afternoon, I found myself thinking in particular of families struggling to bring up children in communities where anything up to one in four of working-age men are officially unemployed—and where, in reality, far more are out of work.

Young men all too often turn to destructive or criminal activities, because no creative outlet is offered for their energy. Children are growing up, as one grandmother said to me in fury and frustration, to believe that the only way they can earn a living is to sign on for a giro.

Those are the people whom the last Government locked into unemployment and poverty, and then derided as an underclass. The people I have the privilege to represent are no underclass. They want a chance of a job, a chance to earn a living, a chance to bring up their families decently, to live in safety and to retire with dignity. They want the same respect and opportunity as other people. That is what the Budget will begin to give them.

Listening to today's speech by my right hon. Friend, I thought of Betty, for example, who is a parent governor at Wycliffe community college, which is located on one of the estates in my constituency. Recently, Wycliffe community college was inspected by the Office for Standards in Education. One member of the inspection team asked Betty how the school coped with local parents and with families living on income support—"you know", he said, "with the underclass."

Betty said, "I'm one of the people you're talking about." She told him, "I live on benefit—not because I want to, but because my husband lost his job and hasn't been able to get another one, and because we bought our council house, just as the last Government encouraged us to do. Now we find that the only way we can pay the mortgage is to stay on income support."

Betty left school at age 15 with no qualifications, returned to school, through Wycliffe college, and got herself five O-levels, which in itself is no mean achievement. She would love to train and work as a classroom assistant, and that school would love to give her the job. She cannot take such a job, however, for the simple reason that, as things stand, her family would no longer be able to afford their mortgage. It is such poverty traps, which were created by the previous Administration, that force families such as Betty's to choose between the job they need and the home in which they live.

[Ms Patricia Hewitt]

I know how much Betty's family and families in a similar position will welcome the announcements made in the Budget, and today by my right hon. Friend the Secretary of State, about the Government's welfare-to-work programme and their longer-term objective of creating a benefit system that will at long last reward rather than penalise hard work and effort.

I thought also of Bill, who is a manager at one of the employment projects on a local estate. Bill was a construction worker—a roofer—until he was injured in a fall from the roof on which he was working. He now says, however, that that accident was the best thing that ever happened to him, because it gave him a chance to discover within himself gifts that he did not know that he had. He is now running an employment advice project, into which he has introduced some wonderfully sophisticated software that, with his guidance, enables people who are lacking not only a job but the most basic confidence to start exploring their own real aptitudes and aspirations before taking that first step into training or a job.

Bill said, "I know how hard it is to change. But I also know that people can do it, because I've done it myself." I believe that the Government's welfare-to-work programme will mobilise community groups such as Bill's, marrying the bottom-up energy and potential of millions of people across the country to the Government's top-down strategy and vision.

I thought also of the lone mothers in my constituency who began another group, which they called Turning Point, because that is what it was for them. Originally, those lone mothers met to support one another over a cup of coffee around a kitchen table, but now they are running their own thriving voluntary organisation.

I thought also of the staff and parents—fathers and mothers—who run creches and playgroups that have been starved of funds, sometimes to the brink of closure, because of the previous Government's local council budget cuts. They are able to offer not only child care places but—in response to yesterday's very welcome announcement—training places for young unemployed people who wish to work with children.

I am sure that, like me, those parents hope that my right hon. Friend the Secretary of State will ensure that lone parents under the age of 25 who have spent six months or more out of work and on income support will be able to access the opportunities created by the welfare-to-work programme in the same way and on the same terms as other young people who have been on job seeker's allowance.

After listening to yesterday's Budget and to today's debate, I thought also of the teachers working and living in my constituency. Their dedication was scorned by the previous Government. Our new unitary council shares the new Government's determination to ensure that all our children have a chance to fulfil their potential, whether they live in inner cities, in suburbs or on outer estates.

I know that my right hon. Friend the Secretary of State will not be at all surprised if I say that several Leicester schools—including Dovelands junior school and Bendbow Rise infant school, which is in my constituency, and recently did its best to celebrate an anniversary while the rain poured in through the roof—will be early in the queue for the very welcome new capital funding and private finance initiative announced yesterday.

Finally, I thought of the hundreds of women and men, many of whom are retired, who are now volunteers in so many community organisations, such as social clubs, youth sporting groups, children's bands and other organisations. I thought also of the sometimes wholly unrecognised individuals who, in their own homes, are looking after children and other relatives with profound disabilities. Our social fabric is woven from all their efforts.

Those men and women, and many others like them, are the heroes and heroines of my constituency. They and thousands of other people across the country will be the heroes and heroines of the new Britain that we were elected to build, and for which the Budget lays such a magnificent foundation.

7.16 pm

Mr. David Willetts (Havant): I begin by congratulating the hon. Members who have delivered their maiden speeches in this debate. I feel slightly guilty that I am not delivering a maiden speech myself.

We heard speeches by the hon. Members for Warwick and Leamington (Mr. Plaskitt), for South Ribble (Mr. Borrow)—whom I congratulate on delivering his speech without notes, so far as I could tell—and for Leicester, West (Ms Hewitt). We also heard from my hon. Friend the Member for Tunbridge Wells (Mr. Norman), who is particularly welcome on the Opposition Benches. From now on, we will call him "Eloquent of Tunbridge Wells". They are all very welcome to the House.

We also heard a sort of maiden speech from my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), the former Chancellor of the Exchequer. He made his maiden speech from the Back Benches, after serving for I do not know how many years on the Front Benches on both sides of the House. He made a very powerful and effective speech, in which he demolished the macro-economic judgment that supposedly lies behind the Budget. He also took apart the various arguments that we have heard at various stages from Labour Ministers in defence of the Budget.

We have been told that there was a black hole in the nation's finances. However, table 1.1, the very first table in the Red Book—as we traditionalists still call it, although new Labour has of course abolished the "red" bit—gives the lie to the story of a black hole. It reveals that—on the instructions of the Chancellor, who has provided some rather bizarre assumptions to work on—since the November 1996 Budget, the National Audit Office has changed the PSBR assumptions for the worse by £0.6 billion for 1997-98 and by £3.2 billion for 1998–99.

The line below that one, however, shows what are called forecasting changes, which are the economic changes that have occurred in the past six months under our management and since the final Budget of the previous Chancellor, my right hon. and learned Friend the Member for Rushcliffe. What do those forecasting changes show? They show an improvement in the PSBR of £3.3 billion in 1997–98 and of £6.7 billion in 1998–99. Therefore, the overall change in the public finances since the November 1996 Budget—even taking account of the assumptions under which the Government Actuary was supposed to work—has been an improvement. There is no black hole.

We were then told that the problem was that the economy was overheating. The basis for that judgment was a rather speculative interpretation of whether the economy was or

was not operating at full capacity. The Treasury has a learned little note on that, on page 54 of the Red Book. The most sensible remark appears in the second paragraph, which states:

"It is impossible to measure the output gap with any degree of certainty."

The output gap is no basis on which to conduct macro-economic policy, because measuring the output gap is virtually impossible. One cannot manage an economy by speculating on the size of any output gap.

The Chancellor told us that, because he believed the economy was overheating, he was going to take tough fiscal measures. However, as my right hon. Friend the shadow Chancellor and my right hon. and learned Friend the former Chancellor made clear, that belief in the need to use fiscal policy to tighten up on consumption in the economy was not put into practice.

If the Government were serious about trying to stop the economy overheating by tightening fiscal policy, they would have done some unpopular things to reduce people's perception of their spending power, but the Chancellor's nerve failed him. According to his analysis, the economy was overheating and we needed tough fiscal measures to deal with it, but, in practice, the only fiscal measures that he dared introduce were those which he thought would be invisible to the average consumer and the average voter. He went for pension funds and companies. His analysis was that the economy was suffering from the dangers of overheating, but he failed to deliver the measures that he claimed were necessary.

The person on whom responsibility will now fall for acting on the Chancellor's own analysis will be the Governor of the Bank of England. If interest rates rise, it will be because of the failure of this Budget to deliver the fiscal tightening that the Chancellor himself claimed was necessary.

I am reminded of the old Treasury story of the Chancellor who treated his speech writer rather badly. He was sent off to deliver a speech written for him by that writer. He went on for page after page, describing the appalling circumstances of the British economy and speaking of high inflation and a balance of payments deficit. He said that the Government had a set of policies that would enable the British economy to escape those problems. He turned over the page and found only a short note from his speech writer: "From now on, you're on your own."

The Chancellor is now in that position. From now on, he cannot blame his inheritance. If interest rates have to go up, it is because the Budget has failed to include the measures which his own analysis of the situation suggested were necessary. The Chancellor's nerve failed him. There was a failure of will and a failure of courage to follow through on what his own analysis said would be necessary.

The most important feature of the Budget, and by far the biggest tax increases, are the measures involving the taxation of dividends. I should declare an interest as an economic adviser to Kleinwort Benson, as there is obviously a learned economic debate going on in the City about the implications of these measures.

The analysis on which the Chancellor bases his measures is one with which we are familiar. It is to be found in the writings of the likes of Will Hutton and others. The argument is simple: one of the things that is wrong with this vulgar Anglo-American capitalism which they dislike so much is that too much money is distributed in dividends to shareholders and not enough is retained in the way that it is in the virtuous continental economies that they admire so much. However, that analysis is flawed.

It is not the case that money distributed in dividends is spent on candy floss and conspicuous consumption. Much of the money distributed in dividends goes to pension funds, and is then available for them to invest in projects and companies which they believe have the best prospects. There is no reason why the companies that generate the best cash flow and retain most of their earnings should have the best new investment projects. The role of the capital market is precisely to take the revenues from companies that are thriving and to allocate them to the capital projects which are going to provide the best return.

It is not unlike the dilemma with which the Labour Government have already had to start to wrestle—what to do with the regime for local authority capital receipts. It has dawned on the Government that the local authorities that have the greatest capital receipts may not be those to which the Government wish to give the biggest new spending and borrowing powers. That is why there is a rather ingenious scheme in the Budget whereby the extra £900 million of capital spending by local authorities is not the £900 million belonging to the authorities which happen to be sitting on the greatest capital receipts.

By analogy, exactly the same argument applies in the capital markets—there is no reason why the companies sitting on the greatest retained earnings should be the companies with the most attractive investment prospects. That is the classic argument for capital markets to allocate investment funds, and it works in this country.

That is why entrepreneurs who want to invest in biotechnology or set up a new business and get investment venture capital come to the markets of London and New York. They do not go to the continent, because there, the only way to get more money to invest is to be big already. That is why the continent's economies are slowing down and why the British economy is in its sixth year of growing more rapidly than that of France or Germany. Therefore, the economic analysis on which the Chancellor's measures rest is false. It cuts across his declared intention of doing something to stimulate investment.

The Chancellor also claims that his proposals will yield an enormous amount of tax revenues. The figures are very dramatic, and much bigger than those for the windfall tax. In the next three years, he wants the abolition of tax credits for pension funds to yield well over £10,000 million. That means that the fiscal tightening of which he is boasting depends crucially on this one incredibly complicated and yet ill-thought-out measure.

If this measure does not deliver what the Chancellor claims for it, and if people in the City work out ways to get around this enormous tax hit that he is trying to impose on them, all the calculations in his Red Book will go up in smoke. He will have nothing else to turn to.

The evidence is that the Chancellor may well find that the ingenuity of the City is such that he fails to raise the revenues he promises. The incentives for people to work

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out ways to distribute funds from companies to pension funds and avoid the heavy hit that he is trying to impose are enormous.

We know what pensions funds will do: they will now invest in foreign equities to get past the tax penalty that the Chancellor is imposing on domestic investment. He also knows that, because of the abolition of the foreign income dividend scheme, many international companies with streams of income from abroad, which will now be highly taxed, will instead look for other ways to pass on those dividends to their investors.

There will, of course, be a significant shift abroad by international companies with headquarters or large-scale operations in London to avoid the effect of the tax. It is at that point that Labour Members, who were yesterday cheering so loudly about an indefensible and incomprehensible measure, will begin to realise what it means for the real economy. When BP, Shell or ICI announce that they are shifting a significant part of their activities abroad to avoid the tax penalties, Labour Members will understand what it means.

There are also economic implications for the public sector. I would be interested to hear from Treasury Ministers what calculations the Government Actuary has given of the impact of the proposals on, for example, public sector pension schemes. The Secretary of State for Education and Employment assured me when I intervened on him that there was not a problem with the pension funds of university teachers. I was grateful for that assurance, and I hope that it is correct, but we know that there are no surpluses in the funded local authority pension schemes.

How are local authority employers to top up the pension schemes they operate in order to meet the liabilities they already have to their employees? Where will they find the money? It will come from the sums that they are supposed to spend on schools and school buildings. As was established under questioning by my hon. Friend the Member for Maidenhead (Mrs. May), those resources cannot be ring-fenced, and they will be used to meet the extra pension liabilities that the Chancellor has just imposed.

We were promised a full explanation from the Secretary of State of what the Government's welfare-to-work measures will do, but no such explanation was forthcoming. We heard the sketchiest of accounts, with no serious analysis of the British labour market or of the employment circumstances of 18 to 24-year-olds. There was nothing to enable people to assess the measures seriously.

I offer the House some evidence about the labour market for 18 to 24-year-olds. A written answer the other week said that, in 1996, 1,209,000 people aged 18 to 24 went off benefit. Of those, 637,000 definitely went into work, and another 359,000 failed to attend the benefits office for reasons that we do not know. Those people are also expected to have found work, adding up to almost 1 million 18 to 24-year-olds moving off benefit and into work last year.

That puts Labour's 250,000 into perspective, and raises an important practical problem. How will they design their measures in such a way that they do not help the 1 million young people every year who would be going off benefit and into work anyway? How will they avoid what, in the language of the policy analysts, is called the dead weight cost?

The dead weight cost problem affects all welfare-to-work policies, and is particularly acute for 18 to 24-year-olds, because there is a lot of mobility in that age group, with many people going off benefit and into work and others, sadly, going out of work and on to benefit. It is a turbulent part of the labour market. That is why it is difficult to design measures to help those stuck on benefit without wasting a lot of money helping those who would have got off benefit and in to work regardless.

In 1996, 18 per cent. of benefit claimants aged under 25 left the count each month, as against 13 per cent. of claimants aged over 25. Even among 18 to 24-year-olds who had been unemployed for more than six months—about whom the Government claim to be particularly concerned, although there are way below 250,000 such people left—12 per cent. left the count each month, as against 8.5 per cent. of those aged over 25 who had been unemployed for that period. There is already a lot of mobility among those young people. That is why dead weight is such a problem. We have heard no explanation of how the Secretary of State will address that.

There are other problems. What about the displacement effect? Why should any employer now employ a 16 or 17-year-old? Can Labour Members, who claim to be so concerned, explain what prospects there are for a 16 or 17-year-old who wants to get a job—as I understand it, this is still a free country, and that is a legitimate option for 16and 17-year-olds—when employers will get a subsidy if they take someone who is 18 to 24?

What about the perverse incentives? What if an employer wants to take on an 18 to 24-year-old who has been unemployed for three months? There will be no special subsidy there. The employer will say, "Why don't you come back in 12 weeks? I like the look of you and I want to take you on. Come back in 12 weeks and I'll make it worth your while." There will be an increase in the number of people unemployed for six months so that the employer and employee can divide between them the special tax subsidy that the Government are offering.

The measure is so ill thought out that I doubt the Labour party's genuine conviction and belief about taking action on welfare to work for 18 to 24-year-olds. If they cared about the problem, they would not just say so: they would have thought about it. If they had done, they would surely be able to tell us how they will deal with the dead weight costs, how they will avoid the problems of displacement and how they will confront the perverse incentives. We have heard nothing about that from the Chancellor or from the Secretary of State for Education and Employment. That is why we are beginning to doubt how serious they are about it.

My right hon. Friend the shadow Chancellor eloquently pointed out that we had been told that the measures would save money that could be released for education. As my right hon. Friend established when he researched the subject as Secretary of State for Social Security—findings that have been backed up by independent organisations—in no country are such schemes self-financing. There is no scope from saving on unemployment in that age group to release funds for education.

The programme may achieve a reduction in benefit expenditure on 18 to 24-year-olds, but once the other public expenditure programmes that Labour are gaily

inventing are added back in—the tax subsidies, the training schemes, the costs of employing people on benefit plus to do environmental projects—there will be no public expenditure saving.

We were told that that was how the Government would find resources for education, but they have just raided the contingency reserve in the traditional way. In eight weeks of office, they have discovered the truth of the supposed great device to raise money for eduction by saving money on employment—the figures do not add up. The plan is ill thought out, and will not raise the revenue for education that we were promised during the election campaign.

7.36 pm

Gillian Merron (Lincoln): The Budget encapsulates the essence of the Labour Government. It is a breath of fresh air for the whole nation, touching the places and people whose well-being had long been forgotten by the last Government. It is a privilege to make my maiden speech in a debate on a Budget that gives hope to the 671 young people in my Lincoln constituency who have been out of work for six months or more.

As tradition holds, I pay tribute to my predecessor, Sir Kenneth Carlisle, who carried out his duties with a deep affection for the city of Lincoln and its people. I am honoured to follow in the footsteps of the last Labour Member for Lincoln, the President of the Board of Trade and Secretary of State for Trade and Industry, my right hon. Friend the Member for Derby, South (Mrs. Beckett), who continues to serve our people with great dignity and skill. The House will be aware that Lincoln has had a chequered political past, but I hope that we shall have a distinguished political future.

I have met many people in Lincoln over the years, but perhaps the one whose experience of life has touched me most is a young man of 20 who came to see me. His mother had sent him because she said that I would understand. He had never had the chance to work and he wanted to. I am sure that he will remember our conversation as I have done. He will join me, the 670 other young unemployed people in Lincoln and their friends and family in warmly welcoming the opportunity to work or train.

How interesting it is to make my maiden speech in the same debate as the contribution of the right hon. and learned Member for Rushcliffe (Mr. Clarke), the shadow shadow Chancellor, who has confirmed that he—and perhaps also his party—has a commitment to the welfare-to-work policies commended to the House by the Labour Government. I want to acknowledge their long and regrettable experience of work-to-welfare policies, which has damaged the lives of many millions in this country.

Many of my hon. Friends will have visited Lincoln and enjoyed the beauty of the fine cathedral and castle which form the historic heart of the city. The cathedral, which has suffered fire and earthquake, stands partly on the site of a 1st-century Roman fortress. It is a vision to behold and was commended by John Ruskin, who wrote:

> "I have always held and am prepared against all comers to maintain that the cathedral of Lincoln is out and out the most precious piece of architecture in the British Isles, and, roughly speaking, worth any two other cathedrals we have."

I give the House those words without wishing to offend anyone else who represents a cathedral city.

Despite its wealth of attractions, both historic and current, Lincoln frequently finds itself in splendid isolation because of poor transport links which have worsened over recent years. There is now no direct rail link to London and there are inadequate connections to other places. The A46, one of the major link roads to the city, is aptly described by the local paper as "agony corridor". The difficulty of travelling to and from my constituency makes life difficult for people trying to go about their everyday lives while business opportunities continue to be lost to Lincoln. I look forward to making representations in the review of road building and transport.

I consider Lincoln to be a city of partnership. It is the partnership between this Government and the people that will make this Budget one that equips Britain for a positive and bright future. On the banks of Lincoln's Brayford pool is living proof of how a dream can become a reality. The first purpose-built university for decades, the university of Lincolnshire and Humberside, welcomed its first intake of students last year. We were delighted to welcome Her Majesty the Queen and Prince Philip, who did the honour to the city of formally opening the university, as befits such an important project. Local authorities, businesses and ordinary people freely gave their financial and practical support to make the university happen. It is just the kind of university we need to work with the Government to deliver the education opportunities that can truly open doors. It is through opening doors by education that we can give equality and opportunity to all.

For hundreds of young people in Lincoln and for many local good causes, the football in the community initiative has been a lifeline. That is down to the good work of Lincoln City football club, where the team are affectionately known as the Imps. I must explain that that is due to the influence of the infamous Lincoln imp which can be found in the stonework of Lincoln cathedral, and is no comment or reflection on the stature of the players.

The football club has gone one step further in developing partnership. I have been pleased to support Lincoln City 2000, a venture that fosters wider community support and involvement. Sincil Bank, the football ground, is open to us all in Lincoln to enjoy, not only for football matches, but in terms of fine fitness and social facilities. That is just the kind of community organisation that we need to work with this Government to enhance the quality of people's everyday lives.

Lincoln has the distinction of being the birthplace of the tank as well as having been home to top engineering companies, many of which, sadly, have suffered the ravages of Conservative economic policies. I suspect that, if previous Budgets had worked in favour of investment and industry, as this Labour Budget surely does, Lincoln would not have seen the round of factory and other closures and the resultant blight of people's lives as they live daily with the threat or reality of losing their jobs.

I am pleased to tell the House, however, that engineering excellence is still alive and well in a number of companies, including Lincoln's largest private employer, European Gas Turbines. The success of this world-class company demonstrates the value of partnership between the company and its work force, working together to set ambitious targets and sharing aims, worries and a vision. That is just the kind of business that we need to work with the Government to

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boost local economies and to create jobs. We have made our intentions clear by cutting corporation tax and increasing capital allowances. This Government are serious about investment and jobs.

This is a Budget that plans ahead; it is not a Budget just for today or for yesterday, but one that looks to a stable future. This is a Budget that sets out what is decent and what is not. This is a Budget to be proud of.

I passionately believe that a one-off windfall tax on excess profits to fund a new deal for young and long-term unemployed people, lone parents and schools is right and proper and will be regarded as the decent thing to do in my constituency and across the country. The nonsense of the privatised utilities has gone on for long enough. East Midlands Electricity can boast to its board of a sixfold increase in annual board pay since privatisation, while the work force has been halved and those remaining carry heavier work loads and worries for their future and the future of their service.

What this Budget offers, which recent Budgets have failed to do, and what the experience of partnership in Lincoln has shown is the idea that working with and for the people is the way to true prosperity. I hope that I shall be worthy of the trust put in me by the people of Lincoln. I hope that they, like me, will feel that this Budget is the breath of fresh air that we have all been waiting for.

7.45 pm

Mr. Keith Simpson (Mid–Norfolk): I congratulate the hon. Member for Lincoln (Gillian Merron) on her maiden speech. I do so on the ground that I made my maiden speech only a month ago and I know that it is stressful to wait to catch Mr. Deputy Speaker's eye. Although I represent a constituency in another part of East Anglia where I should defend the interests of Norwich cathedral, I fully recognise the hon. Lady's comments about Lincoln cathedral, which is also our national memorial to the 30,000 British aircrew in Bomber Command who died during the second world war.

My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) pointed out that this Budget is, above all else, a political Budget. It is not determined by a Labour Government who are keen to demonstrate that they can deliver their promises, but by a Labour Government who are unclear on how they will deliver their contradictory promise of not raising personal taxes while keeping to the previous Government's departmental spending ceilings.

Over the past two months, since the new Parliament first met, hon. Members have seen those promises beginning to come apart at the seams. One can hear great stretch in all directions. Over the past two months, many Conservative Members and one or two Labour Members who have not yet been sufficiently ideologically turned have been greatly amused by the Government's attempts to rummage through the historical lumber room of clichés to breathe new life into what is a rather vacuous political party.

In what is, I believe, referred to in a slightly different context as cross-dressing, new Labour borrows much from the Liberals who formed the Government in 1905. Indeed, I understand that the present Chancellor greatly admires the Liberal Chancellor of the period just before the first world war—David Lloyd George. He is in many respects David Lloyd George without the sex. He has modelled his Budget on David Lloyd George's people's Budget—another historical cliché—of 1909. That Budget is not necessarily a fortunate example, as it raised massive expectations but failed to deliver on public expenditure, but then, perhaps, as that great Conservative Prime Minister Arthur Balfour said:

"History doesn't repeat itself, rather historians repeat each other."

New Labour's attempt to give clichés a fresh look has led to so many absurdities that it is getting almost beyond a joke, and those absurdities have been very much mirrored in the present Budget. We have heard, for example, of that wonderful, original phrase, "a new deal". I have a suspicion that someone called Franklin Delano Roosevelt once talked about a new deal. We are saved from hearing the phrase "a new Europe" because someone obviously had the sense to look it up and found that Hitler had used it first.

I an genuinely surprised that we have not heard about the new woman. It is alleged that the length of ladies' skirts reflects economic prosperity and recession. At times of economic prosperity, skirt lengths rise and when we are about to go into recession skirt lengths fall. [*Interruption.*] Listening to the mutterings among Labour Members, I realise that I may be making a politically incorrect statement. Perhaps I should say that under new Labour, in every possible sense, it is a matter of trousers going up and coming down. I take the advice of my wife who says that at the moment skirt lengths are beginning to come down, so I suspect that we are heading for a recession.

Yesterday, we heard what could best be described as a hangover Budget. It felt good yesterday, but by God there are some bloodshot eyes among Labour Members today.

I want briefly to consider one aspect of the Government's economic policy and then turn to a specific issue that relates to my constituency. In less than a year's time, the Government will realise that the basic issue of public expenditure, which will not be debated this autumn, is crucial. Some of the more astute Labour Members have woken up to the fact that their Government's public expenditure plans do not add up.

Lord Healey, the former Labour Chancellor, once said that the Treasury knows the cost of everything and the value of nothing. The Treasury has produced a series of instruments to contain public expenditure. At the strategic level we have the comprehensive spending review, at the operational level we have the cross-departmental reviews and at the tactical level we have a whole series of departmental reviews that are taking place at the moment. The declared aim of the reviews is to assess how to use resources better while rooting out waste and inefficiency in public spending. I have never heard that from anyone in the Labour party. Many Conservative councillors would find it absolutely amazing, in view of the excess spending of many Labour local authorities.

The "Oxford English Dictionary" defines a review as

"a general survey or assessment of a subject or a revision or reconsideration".

The French word, revue, is defined as

"a theatrical entertainment of a series of short usually satirical sketches and songs".

On every occasion in the past two months when Ministers have been faced with a difficult decision, they have hidden behind the usual phrase, "We are reviewing it".

That has caused at the very least a degree of scepticism among the Opposition and some hilarity on the Labour Benches below the Gangway. Every time the hon. Member for Bolsover (Mr. Skinner) hears a Minister mention a review, he sings the song from "Oliver" that begins, "I am reviewing the situation". I understand that the awkward squad below the Gangway are to cut a disc but that they have turned down the offer by the Minister without Portfolio to act as their manager because he was asking for far too high a cut of the profits.

The serious point about the series of reviews is that in a year's time there will be winners and losers. I suspect that there will be more losers than winners. The Treasury is looking for savings and I can highlight one Department which is a sitting duck for making savings.

Before the election, the Conservatives costed every Labour departmental election promise and found a minimum of £10 billion in promises. In only one Government Department were there no spending promises—the Ministry of Defence. To be fair to the Labour party, it has never considered defence a priority and it is not a priority in terms of Government spending.

Putting aside the security implications of taking considerable sums of money out of the defence budget to fund some of the Government's election promises, it should be remembered that the Ministry of Defence is still the biggest single customer of United Kingdom industry. There is probably not one hon. Member present who does not have small and large companies in his or her constituency dependent on that. Defence cuts will have a major impact on employment and business, not least in my constituency.

I now turn from the general impact of the Government's economic policy to the specific impact of the Budget. The Budget resembles an Arthur Daley deal; we must look beyond the Chancellor's extra-large print and read the small print. Many people are beginning to realise that the Budget is a time-bomb.

More than 20 per cent. of my constituents in Mid-Norfolk are pensioners. The Budget will be a tax on them. Labour has made much of the reduction in VAT on fuel from 8 per cent. to 5 per cent., but most pensioner households will save at most 31p a week.

This Labour Budget will tax all our pensioners in four specific ways. First, the windfall tax will hit pension funds and many utilities will pass the costs directly to consumers. Those least able to afford that will be pensioners. Secondly, reducing the rate of advance corporation tax credit will mean that pension funds will have less income and pensions will be lower. Some councils have already indicated that increases in council tax will pay for the impact on their pension funds—another blow for our pensioners.

Thirdly, abolishing tax relief on private medical insurance—a rather nasty little measure—will hit the over-60s, affecting some 600,000 pensioners and overloading the national health service. It also contradicts the policies outlined by the Minister of State, Department of Health.

Fourthly, the increase in tax on petrol and the intention to make insurance companies bear the cost of hospital treatment for those injured in accidents will doubly hit pensioners, particularly in my large rural constituency.

It is a time-bomb Budget that will dramatically affect pensioners and it will not achieve the honest objectives of many Labour Members. Lady Violet Asquith once said of Lloyd George that

"he could never see a belt without hitting below it".

The present Chancellor can never see a tax relief for private enterprise without reducing it or abolishing it.

7.57 pm

Mr. Stephen Hesford (Wirral, West): Thank you, Mr. Deputy Speaker, for allowing me the opportunity to speak in what I and many hon. Members consider to be a historic Budget debate.

There are three reasons why I am pleased to make my maiden speech on this historic occasion. It is the first Labour Budget to be presented to the House since 1979. As other hon. Members have said, many in the House and outside consider it to be the people's Budget—the Budget that the people wanted my right hon. Friend the Chancellor to implement as soon as possible. It is also an historic occasion for me to make my maiden speech in this important debate. I have no hesitation in welcoming my right hon. Friend's Budget, and nor do my constituents in Wirral, West whom I have the honour of serving.

Before moving on to the formal part of my speech, consistent with the pleasurable traditions surrounding a maiden speech, I should like briefly to touch on why I believe the Budget will be good for the country and good for the people of Wirral, West.

There are 18,000 elderly people in my constituency—good and decent people, many of whom live in the pleasant seaside towns of West Kirby, Hoylake and Meols. They will welcome the measures to reduce VAT on domestic fuel and the extra money that my right hon. Friend the Chancellor has found for the health service. I know that those and other measures will go a long way to allay the fears of pensioners across my constituency. I spoke to many of them during the election campaign, and they told me just that.

In the town of Greasby, which is inland and central to my constituency, as well as in the areas of Irby and Pensby, many hard-working families with children at school will welcome the new money earmarked for education by my right hon. Friend the Chancellor.

On the eastern edge of my constituency, which borders on the constituency of the Minister for Welfare Reform, my right hon. Friend the Member for Birkenhead (Mr. Field), my constituents in Upton and Prenton and especially those on the Woodchurch estate, where during the election campaign people were kind enough to give me the warmest of receptions, will welcome the welfare-to-work measures, which will provide real opportunities for jobs and real training for the many hundreds of young people who have been out of work for more than six months.

Moreover, the measures to which I have just referred will go a long way towards dealing with and repairing the damage done to the body politic by the former Government. What this Government and what Labour Members are willing to say and promise, they are also willing to carry out.

Convention directs that I now mention my predecessors, and I do so gladly. Indeed, I would do so even if convention did not direct me in that way. I have

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the honour of succeeding the right hon. David Hunt MBE. Before him, the seat—Wirral as it was then—was held by a former occupant of the Chair, the late Lord Selwyn-Lloyd.

I have had the considerable benefit of being able to read the maiden speeches of both my predecessors, and on the face of it certain traditions appear to have been formed by them. I should like briefly to outline some of those traditions. First, Lord Selwyn-Lloyd, while Speaker, had the reputation of answering his constituency correspondence by return of post.

Secondly, both my predecessors made their maiden speeches while in opposition and, as was consistent with those former times which are sometimes difficult to recall, they welcomed the proposals being put forward by the then Labour Government in a constructive manner. I wish and hope—although I do not necessarily expect to be repaid for it—that Conservative Members would reintroduce that tradition of constructively welcoming proposals when they are good for the country, although I have not heard any of that in my short time in this honourable place.

Thirdly, the right hon. David Hunt made his maiden speech during the 1976 Budget debate. To emphasis the point that I have just made, he welcomed many measures before the House in that speech, especially in relation to job creation and training. Both my predecessors represented the constituency for many years—31 years and 21 years, respectively.

I should be delighted to try to continue some of those traditions. I shall endeavour to answer my constituents' correspondence by return of post. I am only too happy to welcome the measures put forward by my right hon. Friend the Chancellor on behalf of the Government, but by way of difference from my predecessors, I am pleased to be able to do so from the Government side of the House. I hope that I am not tempting providence as a new Member, but I am also willing to represent Wirral, West for many years to come. I also realise that, in my own small way, I may have started a tradition of my own: I am the first Labour Member for Wirral, West. Again, I hope that I am not tempting providence, but I hope that that will continue for many years to come.

David Hunt was and is widely respected and liked inside and outside the House. He was known in the constituency as a courteous and diligent Member of Parliament. He was and is a one-nation Tory. His career is well known to many hon. Members, and it would be remiss of me not to remind the House of the many important ministerial posts that he held, culminating in a well deserved place in the Cabinet in the important position of Secretary of State for Wales.

On a personal note, no victorious candidate can ever have been blessed with a more gracious person in defeat than I was with David Hunt. He has been most kind, and continues to be so, and I should like my thanks to him for that to go on record.

I should like to make one brief observation on the welfare-to-work proposals which were so clearly set out yesterday by my right hon. Friend the Chancellor. My hon. Friend the Member for South Ribble (Mr. Borrow), who made an excellent maiden speech on behalf of his constituency, has already made mention of the minimum wage, but I should also like to do so. My right hon. Friend the Chancellor made it clear that that proposal underpins the challenge to get 250,000 young people back to work. The need for that proposal is well understood across my constituency and across the age range.

If I may, I should like to cite one anecdote from just before the election campaign. During a particularly cold February, I and my colleagues in the constituency petitioned on the question of a minimum wage. More than 1,300 people supported the principle of a minimum wage by signing that petition. Sadly, when it was sent it to the relevant Department, it was ignored.

What struck me most forcefully on the streets of Hoylake, West Kirby, Pensby, Upton and Prenton was that people knew about the minimum wage. They well understood the principles behind it and the need for it. I therefore beg to differ from Opposition Members when I say that people in my constituency do not believe that the minimum wage will have the job-negative effect claimed.

The new jobs that will be created under Labour's welfare-to-work scheme must not be under Burger-King conditions. In addition to helping the young people to whom I have referred, a minimum wage will assist about 6,000 people—mainly women part-time workers—who currently earn, disgracefully and unacceptably, less than £2.50 an hour.

I shall conclude on that note, as I hope to speak in the debate which I understand that we are to have later in the year on the minimum wage, when I hope to put other arguments before the House. I beg to support the Chancellor's Budget statement.

8.9 pm

Mr. John Burnett (Torridge and West Devon): Thank you, Mr. Deputy Speaker, for calling me to make my maiden speech. I am delighted to congratulate the hon. Member for Wirral, West (Mr. Hesford), who made a fluent speech. I am sure that he will be an able and effective advocate for his constituents.

It is a great honour to have been elected to serve the constituency of Torridge and West Devon, which has been my home and where I have farmed for many years. I am also delighted to pay tribute to my predecessor, Miss Emma Nicholson, and her predecessor, the late Sir Peter Mills.

I first met Emma Nicholson during the 1987 general election campaign. She was a formidable and fair campaigner and I got to know her better after December 1995. She has always championed the causes of the less fortunate and, last year, I accompanied her on the traditional pre-Christmas tour of the constituency. In schools, hospitals, day care centres for people with learning difficulties and homes for the elderly, she was greeted with warmth, affection and gratitude. Her reputation for personal courage is widespread and her work with refugees was often carried out at great personal risk. She has been a source of encouragement to me, and I am most grateful.

The late Sir Peter Mills and his dedicated wife, Lady Mills, served the constituency with distinction for many years until his retirement in 1987. He was a much admired Member of Parliament and a man of the highest integrity—a fact that he himself would have been the last to advertise.

My constituency is, I believe, the second largest, geographically, in England. It is a beautiful part of England with a variety of landscapes. The cliffs at Hartland in the north-west give way to the long beaches of Westward Ho! Nearby at the mouth of the River Torridge is Appledore, whose shipyard has survived in a difficult market. Further up the river is Bideford, which has a busy quay and a breathtaking setting. To the south are the towns of Holsworthy, with its busy livestock market, and Great Torrington, which has recently been successful in the rural challenge. That will provide a much needed impetus to the stalling local economy. In the south of the constituency is Okehampton, which is often referred to as the gateway to Dartmoor national park, whose stark beauty has been so successfully sustained by the park authority. The most southerly town in my constituency is the ancient stannary town of Tavistock.

The people of Torridge and West Devon are independent and hard working. Our economy is based on some industry, tourism, fishing and, of course, agriculture. In his maiden speech in 1964, Sir Peter Mills explained that an increasing number of farmers in the constituency were producing cereals, although we had not reached the heights of other counties, such as Wiltshire, Norfolk and Suffolk, with their rotation of four years barley and one year in the south of France.

Times have not changed, and agriculture in my constituency still mostly consists of small and medium-sized livestock enterprises. Many farmers, especially now with the bovine spongiform encephalopathy crisis in its second year, are hard pressed financially. They have seen the value of their stock plunge to levels not seen for years. The unwarranted and unfair cuts in compensation for the over-30-months scheme and the imposition of the upper weight limit announced last week by the Minister of Agriculture, Fisheries and Food are a cruel blow to many farmers in my constituency who are already having the greatest difficulty surviving in business.

In his Budget speech, the Chancellor put great emphasis on stability and long-termism. As a lawyer practising in my constituency for more than 20 years, I have seen at first hand the results of instability and short-termism. One of the great problems we have in Devon and Cornwall is that the brakes get put on the economy by dramatic increases in interest rates when overheating in the south-east demands it, which is usually just before the recovery reaches us. For years, our downturns in the economic cycle have been relatively lower and longer than in most other Organisation for Economic Co-operation and Development countries. It is no surprise that our investment record is poor.

I have frequently witnessed the destruction of good and viable businesses caught up in the boom-bust cycle. I have watched the havoc it has caused to the lives of many able, honest and hard-working people. To help stabilise our economy and to promote sustainable growth and investment, it was my party's policy to bring greater independence to the Bank of England. We are pleased that the Government have adopted that policy which should assist the regions of Britain especially to plan for sustainable growth and investment, free of the concerns that are generated by political interference in the day-to-day management of monetary policy.

Yesterday's announcement that the National Audit Office will have a continuing role in auditing the public finances—and the commitment to greater openness—should buttress changes made to the role of the Bank of England to secure long-term stability for the British economy. However, pressing needs remain for public expenditure. There was nothing extra for the national health service and education this year. I hope that the £1.2 billion for health next year—which in real terms, allowing for inflation, works out at about £560 million—is sufficient to keep open facilities such as Winsford hospital in my constituency, which is threatened with closure.

Will the additional education spending enable the rebuilding of many of the old and unsuitable schools in my constituency, such as Holsworthy primary school? I can assure the Chancellor that, notwithstanding the poor structural condition of the schools, they meet exacting standards for results and discipline.

Most of the revenue required to match the Government's commitments to expenditure and repayment of debt comes, first, from the one-off and retrospective windfall tax and, secondly, from changes in the tax treatment of company distributions. Both those measures raise legitimate and significant concerns. The Liberal Democrats can only hope that the expectations raised by the Budget will be fulfilled in the years to come.

8.18 pm

Charlotte Atkins (Staffordshire, Moorlands): I am especially pleased to follow the hon. Member for Torridge and West Devon (Mr. Burnett) because, only the other evening, we discussed our maiden speeches and he told me that he wished to make his maiden speech during the debate on the Budget, as did I. I congratulate him on his maiden speech, which was fluent and interesting. I drive through his constituency to Cornwall when I visit my mother, so I was pleased to hear something about it. As he said, it is a beautiful area.

I am honoured to represent Staffordshire, Moorlands. The name of the constituency often confuses people about its location. It includes Kidsgrove and Talke, which are parts of Stoke-on-Trent and were generously transferred to me by my hon. Friend the Member for Stoke–on–Trent, North (Ms Walley). Staffordshire, Moorlands also stretches all the way to Derbyshire. My constituency borders no fewer than 10 other constituencies. I do not know whether that is a record, but it is certainly amazing.

The constituency has a large agricultural area. It has many potteries. It has quarrying, engineering, textiles and the computer industry. It also has the headquarters of a large building society, the Britannia, which is proud to maintain its mutual status. Sadly, there are no longer any pits; there is only the awful threat of opencasting, and its blight on the landscape.

Staffordshire, Moorlands is one of the most beautiful constituencies in the United Kingdom. It includes large parts of the Peak national park, the lovely market town of Leek, and Biddulph, which is the home of the famous Biddulph grange gardens. I am glad to say that Biddulph is festooned in flowers at the moment, thanks to the local organisers of the marvellous "Biddulph in Bloom".

I also have the delightful village of Flash, which is the highest village in Britain. Farmers in Staffordshire, Moorlands have the tradition of farming high up into the

[Charlotte Atkins]

hills. They, like the constituents of Torridge and West Devon, are experiencing severe difficulties as a result of the BSE crisis and bovine tuberculosis.

Staffordshire, Moorlands is a very beautiful constituency, so it was no surprise to me that, when the BBC filmed its highly successful adaptation of Jane Austen's "Pride and Prejudice", it came to my constituency in Staffordshire to film Elizabeth Bennett's visit to Derbyshire. Some scenes were filmed at the Roaches, right in the centre of my constituency, which Lizzie Bennett describes as "absolutely beautiful." Like Lizzie Bennett, I recommend my constituency to all who seek a delightful holiday in the Peak district. I also recommend a visit to the local potteries to pick up some interesting Staffordshire pottery.

Staffordshire, Moorlands is a constituency of surprises. Who would have thought that there would be a tornado a few weeks ago? It lifted the roof of the swimming pool in Waterhouses. I am glad to say that moorlanders are equal to adverse weather conditions. They are used to snow, sometimes well into late spring. They take such weather conditions in their stride.

As Member of Parliament for Staffordshire, Moorlands, I follow Sir David Knox, who sat in the House for 27 years. His predecessor, the Labour Member of Parliament, Harold Davies, served for 25 years. I can only hope that my tenure matches theirs.

I am delighted to pay tribute to Sir David. He was well respected by all hon. Members on both sides of the House. He was also well respected in the constituency. He looked after the interests of supporters and opponents alike with great diligence. He has always been kind and accommodating to me. I know that he will be a hard act to follow. His devotion to public service cannot be questioned, and I wish him a well-deserved retirement.

I come into the House 18 years after my father left it. My father is Ron Atkins. I am pleased that my hon. Friend the Member for South Ribble (Mr. Borrow) mentioned my father, because he defeated Robert Atkins, to whom my father lost in 1979 by 21 votes. Hon. Members will notice that they had the same initial and the same surname. It is ironic that, as one Atkins leaves the House of Commons, another arrives to take his place.

William Morris, the socialist reformer, spent much time in Leek, the lovely market town in the centre of my constituency, observing the horrors of the industrial age. I am glad to say that his legacy lives on in Leek in the wonderful stained glass windows of both the grade 1 listed All Saints' church and the lovely, older St. Edward's church.

I wonder what William Morris would think if he visited Staffordshire, Moorlands today. Many of my constituents are forced to accept pay of £2.50 an hour and less and they have to look to the taxpayer to top up their wages. I am pleased, therefore, that my right hon. Friend the Chancellor spoke about the minimum wage, which will create a floor under low wages. Why should the taxpayer have to subsidise Scrooge employers? That only encourages a cheap labour mentality. My right hon. Friend underlined the point by quoting figures for investment in United Kingdom workers. He said that, for every £100 invested in the United Kingdom, Germany invested £140, the United States invested £150 and Japan invested £160. There is no future in a low-wage, low-skill economy.

The previous Government helped to create skill shortages in my constituency by their policies. That is why I am so pleased that the Budget allocates an extra £2.3 billion for schools. I follow the hon. Member for Stone (Mr. Cash) in pressing the case for Staffordshire in terms of education funding. Staffordshire has some of the largest class sizes and worst school buildings in the country. It has consistently come bottom or second to bottom in the standard spending assessment funding league. The area cost adjustment unfairly discriminates against Staffordshire, so that, for example, Bedfordshire gets more than £160 per primary pupil and £230 per secondary pupil more than Staffordshire. That injustice must be remedied by the Government.

I hope that my constituency gets its fair share of the £1.3 billion allocated for school capital spending. When I visited Moorside high school in Werrington, I was appalled by the conditions under which teachers have to teach. Their labs are especially disgraceful. Most are not even large enough to take full-size classes. The school has been awaiting modernisation for years and it is still waiting. Is it any wonder that students decide to opt out of science—a subject that is vital for Britain's prosperity in the 21st century?

As my hon. Friend the Financial Secretary to the Treasury is due to sum up the debate, I must put in a plea for the Leek tax office. Its future is under review by my hon. Friend. With self-assessment upon us, the office has never been needed more. Already, the staff see 10,000 taxpayers a year. The office covers a vast area from Buxton and Uttoxeter to Stoke-on-Trent. If it closes, people will have to go to Stoke-on-Trent for advice. Public transport is appalling in my constituency as a result of deregulation. If people take a bus from Buxton to Stoke-on-Trent, they have only 15 minutes to conduct an interview on their tax affairs if they are to get back to Buxton.

I am told by experts that the self-assessment form takes at least three quarters of an hour to go through. I appeal to my hon. Friend the Financial Secretary to ensure that the Leek tax office is not closed. It would leave the people of Staffordshire, Moorlands, the elderly, small businesses and farmers at the mercy of so-called independent tax advisers. I urge my hon. Friend to reprieve Leek tax office. It means so much to the community.

I congratulate my right hon. Friend the Chancellor on his Budget. It has been well received already by my constituents and it offers real hope for the future.

8.30 pm

Mr. Piers Merchant (Beckenham): It is a pleasure to take up the remarks of the hon. Member for Staffordshire, Moorlands (Charlotte Atkins). I congratulate her on making an excellent maiden speech and I look forward to hearing many contributions from her in future. She took us on an interesting tour of her constituency, which seemed at times to live up to its name. The prospect of a holiday in the area is certainly enticing. I was rather concerned about her new Lib-Lab pact, but reassured when she paid a generous tribute to her predecessor, who was a much respected colleague of mine and Member of this place, whom we shall certainly miss.

There are some who no doubt felt that they might reasonably expect a new party in government for the first time for many years to launch a Budget that was inspiring, radical and inventive. Such a Budget was introduced by the then new Conservative Government in 1979. If people were expecting such a Budget this year, they must have been sorely disappointed. The only radical feature of this Budget is the new red box that the Chancellor of the Exchequer produced. The rest of the Budget is a disappointment. It harks back to old Labour Budgets of tax rises and public spending increases, with no new economic direction charted.

I fear that a trend will be set for future Labour Budgets. As Government Front Benchers find themselves put under strain by vested interests and by right hon. and hon. Members on the Back Benches championing their own causes—all, of course, requiring more public spending—they will bow, bend and ultimately break. To fund additional public spending, they will have to increase taxes. They will return to the House again and again with tax-increasing Budgets, no doubt clothing them in the language of demand management. That is an old, tired phrase which is almost forgotten but with which the Chancellor, rather weakly I thought, attempted to defend the Budget.

As my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) said in his excellent speech, the way to treat an overheated economy, where necessary, is by monetary policy and interest rate rises, not by increasing taxation. The Government are increasing taxation because they want more money to spend. They want to increase public spending, but not because they are interested in demand management.

The Budget is about tax rises, and there are 17 across the board. At the end of the day, it will be the ordinary man and woman in the street who will pay the increased taxes. There is a thinly veiled disguise, one so thin that we can see through it already. The Government take the view that somehow the money will be raised elsewhere.

Let us examine the main tax increases that are instituted. Who will pay for the windfall tax on the utilities? Of course, the consumer will pay for the smash-and-grab raid on the utilities through the increased prices that the utilities will have to introduce sooner or later to fund the mammoth £5.2 billion tax that the Chancellor has imposed.

What about the tax on pension funds? There has been the greatest attack on pension funds since the war, according, rightly, to the National Association of Pension Funds. This £5 billion attack is one that will be paid for by the ordinary man and woman through their pension contributions. They will have to increase their funding so that they might have a reasonable pension at the end of the day.

There is an increase in transport or fuel tax along with vehicle excise duty. The Government mask these increases in rhetoric about the environment. Car and freight use on the roads is inflexible, and users will not abandon their cars despite the 16p a gallon increase and notwithstanding the increase in vehicle excise duty; instead, they will simply pay up. Again, the Chancellor's hand is going into the pocket of the ordinary man and woman.

There is a strange contradiction in the Government's environmental rhetoric: they claim that, by increasing taxes on transport, they will restrain the use of transport and improve the environment; at the same time, they are decreasing taxation on house fuel—without mentioning the impact it will have, if their theory is correct that demand will be affected—thereby increasing consumption of home fuel and accordingly harming the environment. There is a peculiar contradiction that destroys the myth that the Government's measures are designed to help the environment. They are not; they are designed to raise increased taxation.

There are other tax increases on tobacco, alcohol and insurance premiums. They are all designed to raise extra money, but with a thinly veiled disguise. The Budget is about raising taxes and about the Chancellor's sticky paws being slipped into the pockets of working men and women, thereby taking from them a larger proportion of their hard-earned wages. It is about transferring choice from the individual into the state's centrally planned economy. It is also about increasing state power and influence and decreasing choice and the amount of money that an individual keeps to spend or save as he wishes.

That is not the way to inspire an economy to grow and to be healthy—far from it; it will have the reverse effect. It ignores the lesson that is apparent throughout the world. Strong, vibrant and growing economies come about when taxes are kept low, when public spending is controlled and when individuals are given the initiative and encouragement to do and earn of their best. Those are the conditions in which economies grow. That does not happen when Governments plot and plan to take a larger proportion of the income that would otherwise flow into individuals' pockets.

My greatest concern about the tax-raising Budget that is before us is the attack on home ownership. All my constituents will suffer from the other measures to which I have referred, but the measures that will hit them most in the longer term are those linked with taxes that will specifically hit home owners.

I happen to believe that home ownership is a good thing in itself. I also believe that there should be an onus on Government to encourage home ownership. That is because it builds for individuals a stake in the community. It encourages them to be individually responsible financially and in other ways. It makes for easier mobility. In addition, it takes the burden away from the state to provide housing, as much as possible, and leaves it with the private market and individuals making their own choice.

The Labour party has always been equivocal about home ownership. It has been responsible in the past for many measures designed to restrict home ownership or to discourage it. The Budget, however, is a downright attack on home ownership. Through three measures, the Budget will ensure that life is made more difficult for home owners, and that those who wish to move into home ownership will find it more difficult to do so.

First, there is the reduction of MIRAS to 10 per cent. That will cost the average mortgage payer about £120 a year. That sum will increase as interest rates increase. That is the second consequence of the Budget. The inevitability of interest rate rises will additionally hit home owners.

Home owners will be hit also by the increase in stamp duty that the Chancellor has brought forward. Stamp duty is an iniquitous tax because it taxes mobility. It is a tax

[Mr. Piers Merchant]

on a simple transfer, and I would like it to be non-existent. To go in the opposite direction and increase it will certainly be harmful.

Most of the impact on home owners will not be on the rich; it will be on the ordinary, struggling middle classes who are attempting to stay in home ownership, or young people who are moving into home ownership in the first place, because they require mortgages and have to service them. Those people sometimes have to move into houses of higher value, particularly if they live in areas of the country such as mine, where property prices are much higher—as, indeed, they are across London and the south-east. Many of those people will have to pay the new increase in stamp duty which has been introduced in the Budget, which will have a serious impact.

The Budget, which is merely the first step in a series of Labour tax-raising Budgets we will see, will have a particularly adverse impact on the ordinary men and women who want to move into home ownership or want to retain their stake in the nation via home ownership. It is despicable that the Government should attack those hard-working people in that way.

The Budget is also a conjuring trick—an attempt to produce money where there is none, an attempt to shift money around, an attempt to raise taxes and then conceal the fact. The Chancellor may be able to get away with that in one Budget until it dawns on people, but the people of this country are not stupid. They realise when they are expected to pay more. The Labour party led them to believe, during the weeks running up to the general election, that they would not have to face tax increases; yet, a mere handful of weeks after the general election, they are faced with precisely that.

This is a breach of trust with the British people, who were led to believe one thing and have now seen, even this early, something quite different delivered. They will grow increasingly irritable with a Government who go in that direction, as this Government will. The Government will not be able to continue the conjuring tricks that they were able to use when the Labour party was in opposition and that they have used successfully in the first few weeks of being in office. People will see through that. When the Government have to deal with the real economic problems, with their lack of ability, which they will soon display, to control public expenditure, they will need much more than magic to get them through.

8.41 pm

Mr. John Hayes (South Holland and The Deepings): Thank you, Mr. Deputy Speaker, for allowing me to speak in the debate.

As a new Member, I congratulate other new Members who made their maiden speeches today. Perhaps I may, unconventionally, also congratulate the Chancellor of the Exchequer both on the delivery of his Budget speech and on its political cleverness.

I draw particular attention to the issue of consumption. In his Budget speech, the Chancellor made great play of the argument that consumption was heading out of control. I suggest that, because of the invisibility of the tax burden that he is now levying on the people, the mood that leads to excessive consumption will not be dampened or challenged and will necessitate interest rate rises in the short rather than the medium or long-term. When those interest rate rises take place, which I predict will be in the very short term indeed, the responsibility will lie fairly and squarely with the Chancellor.

The trick of transferring apparent blame to the Bank of England is just that—a trick. When interest rates go up, the British people will recognise that the Government must bear the brunt of the responsibility for that. The judgment on the Budget will be on what the Bank of England does about interest rates, and on how the British public will respond to that increase.

I now deal with the main thrust of my speech—health. People who care about the health service must have been desperately disappointed by yesterday's Budget. The increase in health service spending is less than it was last year. Last year it was £1.6 billion; this year it is only £1.2 billion. This year's increase—2.25 per cent.—is lower than the average for the previous 17 years. That is a disappointment to the people who care about spending on health.

As other hon. Members have said, there is no new money, no extra money, until next year. There is nothing to satisfy those who wanted immediate action. There is nothing to stave off any of the demands that will undoubtedly come as we head into the autumn and winter of this year, and there is less growth than we could have reasonably expected.

The Budget is also bad news for petrol prices, which have gone up. I know that, for the wealthy, and for those, perhaps, who live in conurbations, it will not be so much of a problem, but for the people who live in rural areas, who will be condemned to their hamlets and villages because they cannot afford to use their vehicles, it is a significant problem.

The problem with increasing the duty on petrol is that it is indiscriminate. It is not progressive. People in rural areas, on small incomes, have to use a car, because we cannot take public transport into every hamlet, into an area with a sparse population like the one which I represent. They need a car to get out. They are discouraged and blighted when duty is increased on petrol, and to do so under the artificial veil of green, environmentally friendly, environment-conscious activity is little more than an insult to the people who will have to pay more.

The hon. Member for Staffordshire, Moorlands (Ms Atkins) mentioned this country's lamentable record—I think that she described it as such, or used words to that effect—on investment. Let me assure her that, in terms of capital allowances, the record on promoting investment is not encouraging. Whether the doubling of capital allowances that was announced in the Budget will lead to the targeted investment in infrastructure that the Government need and desire is highly debatable. The record suggests that it will not.

That is not something that I say with any great political malice, because it was tried by the previous Government, and, by and large, the investment that was aimed for was not achieved as a result of increasing capital allowances. I wonder whether investment is not better achieved by a more targeted and focused approach to encourage companies to invest in the infrastructure that most hon. Members desire.

I also wish to draw the House's attention to the extra money for education, and to the non sequitur on this subject in the Chancellor's speech. He talked about the

submission of plans, of bids by schools and how they would spend additional capital money. He talks about the submission of strategic plans that will be based on some competitive bidding process. Then, almost in the same breath, he talked about £150 for every pupil in this country.

Either the Chancellor targets the money on infrastructure—on information systems, on technology—into some schools, to give them a reasonable chance to lead by example, a reasonable chance of investing the sums that are necessary to make a real difference to teaching and learning, or he spreads that investment—£150 per pupil, in his words—so thinly that it will make no difference to the experience of children throughout this country. I wait to hear in the wind-up speeches whether the money will be targeted, ring-fenced, bid-based, or, as the Chancellor implied, spread very thinly and therefore have little impact.

Above all else, the Budget is an attack on pensioners. It is a take now and pay later Budget, a short-term Budget, a Budget that tries to disguise its real intent by attacking the future plans, the future prosperity and happiness of people who are investing in their own future, in their own pension.

The attack on tax credits will have two effects. First, pension funds will suffer. People will either be asked to contribute more in order to make up a pension fund to a reasonable level, or they will find, possibly too late, that the pension that they expected and anticipated—not unreasonably, with the degree of individual responsibility which one would hope for and expect from prudent people—will not be there when they most need it. That, by any measure, is an attack on pensioners. Make no mistake about it, people will come to recognise the fault and frailty which is implicit in that proposal.

As I have already said, I was impressed by the delivery of the Budget to which I listened with great interest. But I was not impressed by the Budget's short-termism, its political conjuring, and its flagrant attempt to deceive the British people into believing that it increased spending without affecting them, when the effects on them will be profound, long-term and deeply damaging.

8.50 pm

Mrs. Theresa May (Maidenhead): Before I speak, I declare a non-registrable shareholding in the Prudential Corporation.

This is a spin doctor's Budget, because the impression it gives is entirely divorced from reality and because it claims to do things that it does not do while claiming not to do things that it is doing. Its only success is that it is a Budget for spin doctors.

The Chancellor told us yesterday that one of the main themes of his Budget was to take some heat out of consumer expenditure. As was ably pointed out earlier by my right hon. Friend the shadow Chancellor and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), in the short term the Budget does nothing of the sort.

The Chancellor claimed that it was a Budget for investment. I have news for him. Investment is not increased by taking £5 billion out of the corporate sector every year. If £5 billion is taken as a tax hit out of the corporate sector, the funds available for investment are reduced rather than increased.

The Chancellor also gave the impression that the Budget would not have an impact on families and individuals. He gave the impression that he had been extremely clever because he had found a way of raising revenue without affecting anyone. He gave the impression that somehow the abolition of dividend tax credits for pension funds is a victimless tax. In fact, it is nothing of the sort. The victims will be companies, pensioners and people whose jobs might be lost as a result of that £5 billion being taken out of the corporate sector.

Company pension schemes will either have to reduce the benefits that are available to their members, or they will have to put more contributions into the pension schemes, which again means less money for investment. In particular, they will have to be looking at the funding of those schemes today because of the more stringent requirements on funding that were introduced by the previous Government out of necessity following what happened under the remit of the late Robert Maxwell, who, as we know, was a former Labour Member of Parliament.

But there are two other ways in which the abolition of dividend tax credits will hit people. First, it will have an impact on people with money purchase pension schemes; individuals with personal pensions who will now be faced with the stark choice of either reducing their standard of living today by putting more contributions into their schemes, or reducing their standard of living in the future when they come to take their pensions out.

Secondly, a matter which was not referred to by the Chancellor yesterday, but which was highlighted earlier by my hon. Friend the Member for Havant (Mr. Willetts), the abolition of dividend tax credits will have an impact on local authorities. Local authorities' pension funds will be hit by the abolition of dividend tax credits and local authorities will find themselves in the position of having to increase contributions into those pension funds. Where will they find the money?

As was pointed out earlier, one possibility will be for that money to come out of the extra money next year supposedly for education, which the Secretary of State for Education and Employment said he will not ring-fence for schools but leave for decisions to be taken by local councillors. We have seen the sort of decisions that too many Labour councillors take when they are allowed to make such decisions on money that the Government hope will go into education.

For local authorities, the likelihood is that they will either put up council tax or cut services in order to fund the contributions required for their pension funds. That will be a hit on families and individuals. Far from all those smiling faces of Labour Members waving their Order Papers at the end of the Chancellor's speech thinking that somehow the Budget would put more money into public services, it will do the opposite. It will result in cuts in services by local authorities.

In my constituency is the headquarters of one of the regional electricity companies, Southern Electric. I am particularly concerned about the principle of the windfall tax and its impact. As the hon. Member for Bath (Mr. Foster) said, when the windfall tax concept first came up, the Labour party claimed that somehow it would be a tax on fat cats. It is nothing of the sort. It is a tax on pensioners, shareholders and customers. Far from what we have just seen, a period of better services and falling

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prices in the electricity companies, we may well see prices going up, and we will see an impact on shareholders and on people whose savings are invested in the shares of those companies and whose pension funds have investments in those companies.

A number of points have been raised with me by constituents. One is the increased tax on petrol. My office took a phone call this morning from an extremely irate constituent asking whether the Chancellor realised that that measure hit everybody, even those who do not have cars, because of delivery costs of food, manufactured goods and so on. She said, "This will hit us all. Can't you make that point? Doesn't the Chancellor understand?"

Another point was made by someone who is disabled. He is particularly concerned because he relies on his car to give him the quality of life that he wants. This measure will be an extra hit on him and other members of the disabled community who also rely on their cars to get about.

The Chancellor also claimed that the Budget would help small businesses. The reduction in corporation tax is to be welcomed, but there are other aspects about which I am sorry the Chancellor did nothing. For example, he did not raise further the VAT threshold for small business, and he did nothing to pick up the ideas which the Conservative Government developed before the election about changing the uniform business rate, which is a particular concern of many small shops, particularly in the rural villages in my constituency. There is an aspect of the Budget which will adversely affect small businesses. It has been put to me that, if a small business is in difficulties, the proposal to change the period of qualification for loss carry-back will have a real impact on it. Far from being a positive measure for small business, then, it will have a negative impact on them.

Nowhere in the Budget is the spin-doctoring more acute, or the Chancellor's claim to be doing one thing while doing another more callous, than with the funding of the NHS and education. There were cheers yesterday when Labour Members heard that £1.2 billion was to go into the NHS—but it is going in next year. As my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) pointed out, that is less extra money than we put into the health service last year.

For the next few months there will not be a single penny extra for hospitals. So all the hardship cases that Labour Members have been raising about their local hospitals—they will continue to raise them—will meet with no extra money from this Budget to solve their perceived problems. The money will be available only from next April, and then only if the contingency reserve has enough money in it. The Chancellor is raiding tomorrow's nest egg but announcing it today. The impression given is that something is happening immediately; the facts are very different.

The same impression has been given about education. Here the spin doctoring went into fast forward. Those of us who watched the Chancellor's Budget television broadcast last night saw him produce a pretty little table showing how much extra money was to go into schools—£2.3 billion, he said. I wonder how many teachers, parents and school governors watching must have rubbed their hands with glee at the thought that their schools would benefit immediately from the Budget.

Once again the reality is different from the impression, and the Chancellor has claimed to be doing something he is not doing. Far from £2.3 billion going into schools over the next few months, either £100 million—the Red Book figure—or £83 million—the figure given us by the Secretary of State for Education and Employment—is to be given to schools up to April 1998. That is nowhere near the Chancellor's claimed amount. Furthermore, the £1.3 billion from the windfall tax new deal will be spread over five years, and the other £1 billion that the Chancellor announced will not be available until next year either—and then only if it can still be taken out of the contingency reserve.

This is a spin doctor's Budget, a cynical Budget. It tries to pull the wool over the eyes of the electorate. As others have said, a Budget that is applauded and thought popular on the day it appears is a Budget which turns out to be very unpopular in the long run; because it is in the long run that people will feel the pinch in their pockets.

9.1 pm

Mr. Tim Boswell (Daventry): This is inevitably an unusual occasion, in that there are no wind-up speeches on the first day of Budget debates, so today we have to wind up two days of debate. It is my pleasant duty to record the delivery of a number of elegant and remarkable maiden speeches. On my count, there were eight yesterday and another eight today. It would be invidious to pick out any of them and tedious to enumerate all of them. Still, those that I heard were of high quality and were an example to everyone.

Almost without exception, maiden speakers have described their constituencies with affection and have been considerate and generous to outgoing Members of Parliament, especially those who had been defeated. They have also produced interesting insights into current politics.

It is always a pleasure, listening to maiden speeches, to hear resonances from constituencies that I have visited to campaign in, or whose Members I have known, or which I have visited as a Minister or in some other capacity. It all introduces a note of courtesy to our proceedings which is of great value to those who honour this place.

I welcome the Financial Secretary to the Treasury to her position. We look forward to her contribution this evening. My closest involvement with the Treasury came some years ago when I acted as parliamentary private secretary to my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), now the shadow Chancellor. I enjoyed that experience, just as I enjoyed his speech today. That post gave me a good insight into the workings of the great institution in which the hon. Lady now serves as a Minister.

The House may be surprised to know that the first time I ever briefed Members—then Opposition Members—on a Finance Bill, as a comparatively young man, was during the passage of the celebrated 1968 Finance Bill. That experience is seared into my mind. For one thing, it was on the back of a Budget introduced by Lord Jenkins of Hillhead, as he now is—he was then the Labour Chancellor—which, as I recall, involved a tax increase of £923 million. That was then a record increase.

The most remarkable development in the nearly 30 years that have elapsed since then is the change in the scale of the figures: it has changed out of all recognition.

Just the change in MIRAS—which the Chancellor sought to downplay—will cost £950 million in a full year, which is almost the same figure as the one that I mentioned earlier, but is in fact only a nominal amount relating to a single change. That is before we even start on advance corporation tax and the windfall tax.

I think that the moral of my rather long, if intermittent, experience of Treasury matters is that, while some things change, others go on for ever. The first is the simple perception that Labour Chancellors nearly always raise taxes. That is what I associate with Labour Chancellors, and that is what we all suffer from Labour Chancellors. The second is this. When the late Iain Macleod—of whom some of us were deeply fond—was shadow Chancellor, he coined a concept that was known then as Macleod's first law of the Budget, to which a number of hon. Members on both sides of the House have referred today. He said that what played well as a Budget on day one would look very different in a few months' time.

I think that he had in mind the traditional timetable to which I believe the Government are considering reverting—a spring Budget followed by a summer Finance Bill concluding in July. This year, we have a midsummer Budget, also, apparently, concluding in July—but I shall pass over that until later.

Iain Macleod was making the point that, however hard you spin and however well you dress it up—and there are people in that great Department of State who are past masters at concealing spin, flights, googlies and so forth—reality will out by the time people have to pay the bills.

As we have some time to spare, I think it appropriate to refer to the first First Lord of the Treasury, Sir Robert Walpole. He said—admittedly not on a financial occasion, but on the outbreak of war with Spain in 1739—

"They now *ring* the bells, but they will soon *wring* their hands."

Before I begin my speech in earnest, I should get one point out of the way. It would be inconsistent with the general tenor of the debate, and particularly with the maiden speeches, to engage in some silly controversy about who cares most for young people. I sincerely hope that hon. Members on both sides of the House are conscious of the position of young people, and the position of unemployed people, whether young or older.

Some of us have done time as Education Ministers. I had the great pleasure of being the Minister responsible for further and higher education, and I also have a fairly strong family involvement with adult literacy issues. Probably all of us, by definition, have no direct experience of the underclass, but, in our constituency work, we all come across people who may be in danger of falling into that category. We all want to help them; the questions are how we help, what are the most effective means and whether there will be any repercussive effects if we adopt one course rather than another.

I think that some of my right hon. and hon. Friends have analysed the Budget as they have because it was heavily presented by the Chancellor as a warm and caring Budget. The difficulty that should be exposed—indeed, my colleagues have exposed it effectively today—is that all those warm and caring words could not hide the fact that there was a time bomb in the Chancellor's hand. That time bomb is primed to go off at some stage, and it will cause a degree of disappointment—even, perhaps, feelings of ill faith among Labour Members, who will find that what they expected to be glad confident morning turns into a very depressing picture.

I do not want to seem totally negative and churlish about not merely the delivery but the contents of the Budget. I often feel that Labour Chancellors who, as I reminded the House, nearly always put up taxes, are a little like the proverbial monkey on a typewriter because sometimes, by accident, the result is intelligible and quite palatable. A Labour Chancellor cannot help sometimes getting something right. The cut in corporation tax, including the small companies' tax, and the proposals on the film industry are welcome. However, they must be set in the context of what the Chancellor is trying to do and set against the unpalatable measures in his proposals which he sought to conceal.

The measures that we have welcomed are isolated shafts of light in a bleak picture. It is rather disturbing for me to talk about a bleak picture, because the Government have been in office for only nine weeks. Just like that, they have taken an economy which was an acknowledged success throughout Europe and have started to run down the golden legacy of growth, competitiveness and low inflation that we bequeathed them. They are busy on the task of turning that golden legacy into dross.

I shall analyse first, as my colleagues have done in some detail, the impact of Labour's proposals on the home owner, who will suffer heavily from the Budget. He is facing three direct hits. The first is the scaling down of MIRAS which will total £950 million in a full year. I remind the House that the benefit of MIRAS is not for the middle or upper classes: it is not only Islington man who benefits from it. The distribution of the benefit across all sectors and percentiles of income is broadly stable. That has been shown by the Institute of Fiscal Studies, and scaling down MIRAS will hit everybody with a mortgage more or less equally.

The second hit on the home owner is the increase in stamp duty, which is smaller in amount, about half the size of the MIRAS reduction at just over £500 million, and is apparently confined to larger properties, which, according to the Chancellor's definition, are those costing over £100,000. Of course, many such properties are not necessarily occupied only by the executive classes. Farms and commercial properties may also attract the charges, and the structure of stamp duty with its rather unusual step system means that it has strong repercussions at the borders of the changes. Instead of having two rates—zero and one—there will be four rates, and that will not contribute to reducing the burden of taxation or simplifying the tax system.

The third hit on the home owner is the two increases so far in interest rates since the election, which, as I have said, was only nine weeks ago. Who knows what will come next week? The press is certainly speculating hard that there will be a further increase then. It is not surprising that people have not gone out into the streets and revolted at these changes on day one, because, as Treasury Ministers will know, there is only an annual statement of account for many mortgages. The general tendency is to lengthen the repayment period. As the tax change, one of the three hits, will not appear until the spring, it is hardly surprising that the burden and impact of the changes, some of which are already taking

[Mr. Tim Boswell]

place, will not come to a head until then. Like the other deferred Budget disappointments, they will appear with a vengeance.

I shall deal with another matter that I do not think has been flagged up in the debate, most of which I have heard. It bears on the other tax changes, with which I shall deal in a moment, in particular, the changes in advance corporation tax, and relates to the use of endowment policies to repay mortgages; and, I suspect, it relates also to mortgage protection policies. The plain fact is that a hole will be torn in those endowment policies and one or two people may find themselves with inadequate policies to service their eventual mortgage repayment. I hope that the Financial Secretary to the Treasury will comment on that concern.

The second and perhaps greatest sectoral hit in the Budget is the impact on pensioners in particular and on other savers in general. To quote for the last time the late Iain Macleod, he once said memorably that savings are the harvest of a man or woman's life and career. Of course, many people are saving, through one means or another, for their eventual retirement, so this affects not only pensioners, but people in my age group who are contemplating eventual retirement and are trying to put their affairs into sound shape.

The windfall tax is one aspect of that impact. In fairness to the House, it has been well discussed. It was brilliantly analysed by my right hon. Friend the Member for Hitchin and Harpenden, the shadow Chancellor, and by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), both of whom explained the incoherence of introducing a temporary tax to fund a long-term programme and a partial tax to fund much more general aspirations, including education. The proposal is already holed below the waterline, but it will be for the Government to decide how they wish to persist with it. If they do not persist with it, they cannot possibly make even their rudimentary figures stand up.

At a modestly early hour of the morning, I found myself appearing on Talk Radio. In another studio was Professor Geoffrey Wood from the City university business school. I made a comment that was fairly politically blunt about the impact of the changes in ACT. I have no idea what his politics are, but, when asked to comment on my remarks, he said that the ACT changes were a major change in the British tax system and that their full significance had yet been realised. That was a masterpiece both of precision and of modesty.

The plain fact is that there is a black hole somewhere around the Chancellor's Budget. It was not bequeathed to the Government by their predecessors. As my right hon. and learned Friend the Member for Rushcliffe has already made clear, it is an autonomous black hole, chosen by the Chancellor. The black hole that he is carving out is in the pension funds and the savings of individuals.

We all know that the National Association of Pension Funds estimates that the changes will mean over £50 billion of extra pension contributions over a 10-year period. Its chairman, Mr. Peter Murray, commenting perceptively, said that the changes were a direct attack on the people's money. Of course, the NAPF is generally representative, although not always, of the larger funds. What about the smaller company schemes and self-financed pension schemes? What about personal pensions? By definition, they have no friendly, large, well-capitalised public company to top them up. The changes are a direct hit on the resources available to individuals.

The exact nature of that hit is somewhat difficult to calculate. For example, one fund may be investing more in tax-favoured assets such as real property, or in overseas companies rather than in domestic companies. One of the most telling points that has come out of today's debate is the way in which we are driving investment away from Britain by making it less attractive for companies to hold assets here.

If companies feel that they are challenged by the ACT changes, they may re-balance their portfolios and pension funds, but it is clear—certainly to me—that the hit on pension funds induced by the Chancellor to raise his £5 billion every year, will total between 5 and 15 per cent. of income. That allows for capital gains, from which they also benefit.

I advise people to get out their policies tonight. It might be as well for them to take advice in the near future on whether they will have a sufficiently large policy to meet their mortgages or other commitments in due course. If they are politically motivated, or just cross about what has been done—as they should be—I suggest that they write on their policies, "Devalued by the Chancellor who said he would never put up taxes."

Before I leave the position of pensioners, I want to flag up the damage done by the withdrawal of tax relief on private health insurance—again alleged to save money, but again a rather small amount. It is targeted at 600,000 people and is likely to drive many of them, perhaps even a third, back into the public health sector, thereby lengthening waiting lists.

I want to deal with one or two other effects of the tax changes. Some of us had the considerable privilege of attending today's lunchtime seminar conducted by the Institute of Fiscal Studies. It is a body respected by both sides of the House because, quite frankly, it dishes it out indiscriminately to all of us, as it sees fit. It points out—it is not difficult, as it is obvious even from the Red Book—that advance corporation tax changes will cost business almost £5 billion in a full year, while the cut in corporation tax which the Chancellor presented as the offsetting benefit amounts to only £2 billion. It does not require a university degree in mathematics and computing to work out that the gap is £3 billion. As the institute magisterially concluded today, despite the rhetoric the changes are unlikely to benefit business investment. Quite frankly, I agree.

I want to pass from taxation of business—which, as a number of people, including Professor John Kay, have conceded, in the end is merely a shell or a format for the payment of taxes that fall indirectly on the people—to taxation that falls directly on the people. In today's presentation, the institute analysed the impact of tax changes on households according to their relative income. It calculates that the impact on the top decile of incomes will be £2.19 a week, while the impact on the bottom decile will be 50p a week. Some 70 per cent. of all households will lose out from the Budget, while 20 per cent. will gain and 5 per cent. are "don't knows".

What is clear is that, on the absolute figures, the greatest proportional loss is among the bottom decile. Yesterday, Labour Members were busy waving their Order Papers in support of a Budget that independent experts have assessed as regressive.

I want to raise a final point that deeply concerns me. Many Conservative Members are becoming increasingly worried about the Government's propensity to treat the House with ill-concealed contempt. Of course, I except those who are here tonight. Much of the legislation introduced in such a short period has been rammed through in haste, often with Committee stages being taken on the Floor of the House and therefore with highly truncated consideration. Bills are being rammed through on the back of the Government's current handsome majority.

We are also deeply concerned about the ill-concealed attempts by Treasury Ministers to leak the Budget contents in advance. *[Interruption.]* If Labour Members want to deny that, they should agree to have the allegation examined properly and independently. We would respect any such inquiry. Let them not, however, try to brush off the leaks, as if Opposition Members are not properly concerned when we discover that the Budget is delivered to us not by the Chancellor but with the *Financial Times* in the morning.

Such leaks are all of a piece with other events. The Opposition do not believe—I warn Ministers of this—that arrogant and hasty high-handedness contribute to good legislation. The Chief Secretary to the Treasury goes on about the community charge or poll tax. I should tell him that that measure was most extensively debated in the House, and if we did not get it right, it was not for lack of trying by him. He should consider that matter. I am not making a narrow party point. We need to ensure, and I hope that Ministers want to ensure, that we get the Government's legislation right. At the end of my speech, I will advert to one specific concern on which I should like the Financial Secretary to the Treasury to comment.

The Opposition believe that legislation should be properly considered. We also believe that there are chinks in the Chancellor's carefully crafted Budget armour which need prising open with proper and full scrutiny. We are bound and driven to the conclusion that, if that scrutiny does not occur, it will be because the Government have something to hide and prefer that neither the Opposition nor the public notice. If Ministers try to rush a Finance Bill, they will leave not only technical errors but a mood of disillusion, as the public discover that the expected glad morning does not appear.

I tell Ministers that the Opposition simply will not settle for a truncated debate on those matters. We want a proper debate and we want a proper reply from the Government, both to today's debate and in Committee. I hope that Ministers will show the right spirit in dealing with that issue.

I ask the Financial Secretary to make—she will perhaps recall the phrase—a fresh start and to set a good example to her colleagues by answering four specific questions, rather than brushing aside the concerns that were expressed so eloquently by my hon. Friends and other hon. Members.

First, I stated the figures, as I took them down, on the Budget's impact on households because of tax changes. Does the hon. Lady accept that the overall distribution of the Budget's tax changes will have a regressive effect on the lowest income deciles? If she does not, will she please explain why?

Secondly, will the hon. Lady explain to the House—because no adequate explanation has been offered—why she expects business to invest more when it will have to give up an additional £3 billion in corporate taxes annually?

Thirdly, does the hon. Lady accept that the deflator changes that were announced in the Red Book, even on the most optimistic of the three projections provided, mean that public spending plans over the quinquennium will be below the trend line of public spending in the past 18 years of Conservative government?

Finally, as an example of the types of technical problem that over-hasty and arrogant legislation can cause, has the hon. Lady considered, and can she give any indication of the Treasury's thinking on, the treatment of franked income for unit and investment trusts? Is such income—as it appears to me—totally to be suspended and wiped out? If so, can she tell us what the impacts will be on savers? Does she concede that its suspension will represent yet another blow to savers and to pension holders—in a Budget that attacks them directly?

9.28 pm

The Financial Secretary to the Treasury (Dawn Primarolo): I welcome the hon. Member for Daventry (Mr. Boswell) to his new post. I look forward to our future debates, and acknowledge his experience, which goes back for some 30 years. As he said, while he was advising on the Finance Act 1968, I was 14—when I was enjoying an excellent comprehensive education, which has equipped me with the qualifications to establish myself in society and to contribute to that society. The Budget is about offering to young men and women the opportunities which the hon. Gentleman's Government unfortunately denied them.

The hon. Member for Daventry talked about controversy, said that he did not wish to trade insults across the Dispatch Box, and reflected on his past. When I entered the House 10 years ago and made my maiden speech, I spoke of the young men and women in my constituency who were despondent, disappointed and rejected and who believed that society did not value them as individuals. Unemployment is a personal disaster as well as socially destructive but, some 10 years later, this Government have to take action to tackle it because the previous Government failed to do so.

I remind the House that the last time the Conservative party advised members of the public to seek advice on their pensions, it led to this country's biggest scandal in pension mis-selling. It ill behoves the hon. Member for Daventry and his colleagues to scaremonger and to frighten pensioners.

Yesterday and today, many hon. Members have made their maiden speeches. They were mostly Labour Members; that reflects our majority in the House, but I assure the hon. Member for Daventry that we have no intention of stifling debate or forcing through legislation, as his party did with the poll tax, because we intend to keep our excellent Prime Minister, not pull him down as the Conservatives did with their Prime Minister over the poll tax.

[Dawn Primarolo]

In yesterday's debate, my hon. Friends the Members for Eastwood (Mr. Murphy), for Brentford and Isleworth (Mrs. Keen), for Redditch (Jacqui Smith), for Enfield, North (Ms Ryan) and for Pontefract and Castleford (Ms Cooper) spoke in support of the windfall levy and talked of the importance of giving young people the opportunities for work and training. They supported the principle of rebuilding the health service and the principles that the previous Government allowed to be undermined and destroyed. They acknowledged the importance of reducing VAT on fuel and the benefits that that brings to the elderly. Conservative Members speak of their concern for pensioners, but I do not remember them showing that concern when they introduced VAT on fuel in the first place, having promised that they would not.

What seems to shock Conservatives Members is, first, that the Government intend to keep their election promises; and, secondly, that a new Government would want to introduce a Budget to set out the course that they intend to take. When the Conservative Government were elected for the first time, they introduced such a Budget, so I cannot see what is so terribly unusual about this Government wanting to do likewise, especially as we made clear in our manifesto our intention to do so.

My hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) gave us a scenic tour of his constituency. He, too, underlined the importance of ensuring training and skills for our young people. We must avoid the trap that the previous Government reversed those young people into—the trap of low wages, low skills and only rare chances of jobs that offer opportunities, if they have jobs at all.

My hon. Friend the Member for South Ribble (Mr. Borrow) spoke movingly of the cruel fate that denied Dennis Golden, the previously selected Labour candidate, the chance to contest that constituency. He had to resign because of ill health and then unfortunately died before he was able to see the election of a Labour Government. My hon. Friend spoke fluently without notes on the importance of jobs. I think that all hon. Members will acknowledge his thoughtful contribution and look forward to hearing him in the future.

My hon. Friend the Member for Leicester, West (Ms Hewitt) talked about a Budget for jobs. She also paid tribute to her predecessor, Greville Janner. I am sure that Greville would not mind me saying that he was a character in the House who will be sorely missed, although my hon. Friend, who is one of 101 Labour women, is an excellent addition to the House and will make a good contribution. She described graphically the needs of her constituents for access to jobs and training to liberate their talents and ensure that they can contribute to society. That was echoed by my hon. Friend the Member for Lincoln (Gillian Merron), who showed a clear understanding of the needs of her constituents.

My hon. Friend the Member for Wirral, West (Mr. Hesford) made it clear that we were delivering on our election promises. He acknowledged the contribution of his predecessor, David Hunt. He added a personal pledge, saying that he intended to answer all his constituents' letters by return post. I wish him good luck and hope that he is able to keep that pledge.

My hon. Friend the Member for Staffordshire, Moorlands (Ms Atkins) spoke of her predecessor, Sir David Knox, and the kind support that he has given her. I agreed entirely with her argument about the desperate need for a minimum wage—a floor under which wages cannot fall—and the importance of that for the future of Britain. I took particular note of her spirited representations for her local tax office. She rightly drew attention to the importance of self-assessment. I shall consider her points carefully.

The hon. Member for Bath (Mr. Foster) asked some specific questions about the provisions in the welfare-to-work programme. The programme will be carefully monitored in all respects—quality of training, quality of work experience and how people get on in keeping jobs. We shall also always keep open the opportunity for those who do not initially accept the option to take part to choose to do so. I stress again the importance of the advice, support, counselling and help that young men and women will get before their placement and new career.

Young people who have difficulties—special needs, homelessness or drug abuse problems, which blight so many lives—will have special advice and support. The organisations involved will have a track record of success in that area. It is our intention that the programme we propose should be about inclusion and opportunities, and not about exclusion and punishment.

In what has been an interesting debate this evening, one contribution hit an all-time low. I refer to the speech by the hon. Member for Mid-Norfolk (Mr. Simpson), who started by talking about the length of women's skirts and cross-dressing as an indicator of economic prosperity. Although the House appreciates a joke, he should perhaps refine his a little more before he speaks again.

The hon. Gentleman made comments about private medical insurance, and described Labour's proposals as nasty and hitting at pensioners. He really should check his facts. Between 1990, when the scheme was introduced by the previous Government, and now, there has been no significant growth in the number of people using private medical insurance relief. Some £140 million could be better spent, because the people getting the relief are those who already had insurance premiums. If Conservative Members are so worried about pensioners, will they explain why they took away the zero rate of VAT on fuel?

The Government have put forward clear proposals. We have a Budget equipping Britain for the long-term future. We have reflected the priorities of the people. Disillusionment does not stalk the land; instead, there is acceptance and support of the Chancellor's proposals. The Budget fulfils our election promises, in stark contrast with the practice of the previous Government. It is about a new deal for the unemployed, and about investment in industry and infrastructure. It is about fair taxes and economic stability. The Budget is for the long term and it is about equipping Britain for the future while delivering now on the priorities of education and health.

During the election, Labour promised that education would be our number one priority. This Budget allocates £2.3 billion extra spending for schools and £1.2 billion more for health while ensuring that Government borrowing is reduced. This Government are determined to

encourage a fair society in which the many and not the few can share high living standards and greater job opportunities.

Mr. Boswell: I sense that the hon. Lady may be coming to the end of her remarks—

Dawn Primarolo *indicated dissent.*

Mr. Boswell: In that case, I am prepared to wait. I hope that we can have her assurance that she will answer the questions I posed.

Dawn Primarolo: I can assure the hon. Gentleman that I was not about to bring my remarks to a close.

The new deal for the unemployed fulfils our manifesto commitment, and it will be paid for by the windfall tax on the privatised utilities. The Chancellor made it clear yesterday that after full consultation with the regulators, there is a clear judgment that the tax can be paid for without there being an impact on prices, investment, service standards or the employment prospects of those currently in the utilities. Indeed, the Public Accounts Committee has made it clear that in the case of the water companies, which have made profits totalling £7.4 billion, and in the case of the regional electricity companies, which have made profits of £8.7 billion, the profits were in excess of the level that the respective director generals have judged it reasonable to allow in the future.

The Budget contains a popular set of proposals that people have accepted. It provides opportunities for the unemployed, and assists lone parents back into full-time employment by helping them with child care provision. Some Opposition Members have complained that we have not invested enough in child care. That is rich coming from them, when, for 18 years, the Conservative Government presided over the worst investment in child care, denying people access to quality provision.

A successful economy needs stability, low inflation, strict control over Government borrowing, and openness. My right hon. Friend the Chancellor has set a target of 2.5 per cent. underlying inflation, and the Bank of England is responsible for setting interest rates. Strict control over Government borrowing and public finances is essential for stability. The Budget introduces new rules, under which the Government will borrow only to finance investment, and which include deficit reduction.

The Government are committed to building their reputation on trust and openness. They have opened the books to independent checks, and will continue to do so.

Mr. Lilley: Will the hon. Lady tell us how many of the 17 tax rises introduced in the Budget she had the honesty and openness to trust her voters with before the election?

Dawn Primarolo: We have stuck to our promises. Our manifesto made absolutely clear our intention to invest in industry and infrastructure, and to plan for the future.

Openness has never been a hallmark of the previous Government. We hope that, in the exchanges between Front Bench Members in the coming years, our openness will help the Opposition to understand the direction that the Government are taking, even if they cannot grasp it now.

We have undertaken a major reform of the corporation tax system, providing a low-tax environment for companies, encouraging quality long-term investment, and maintaining an attractive environment for inward investment. We have cut the basic rate of corporation tax from 33 per cent. to 31 per cent. from April 1997, and the rate for small companies from 23 per cent. to 21 per cent.

Let me make it clear that there is no attack on pensioners or pension funds. Opposition Members are engaging in scaremongering. Tax credits for pension funds and United Kingdom companies are abolished from Budget day. The abolition of credits removes the distortion which encourages the payment of dividends rather than the reinvestment of profits. Many pension funds have large surpluses totalling nearly £50 billion, so they can absorb the loss of tax credits and improve company performance as a result of encouraging long-term investment.

The measure is good for pensions and pensioners, not bad for them. Furthermore, the existence of pension fund contribution holidays demonstrates that there is scope to absorb the measure. People should understand that our reforms will benefit pension funds.

Mr. Christopher Chope (Christchurch): Is the hon. Lady aware that, this evening, Sir Jeremy Beecham, a highly respected member of the Labour party's local government team, has spoken out by saying what a disaster tax credits will be for people who pay council tax due to the implications of costs on local government? He is calling on the Government to give an indemnity to local authorities against the additional burden. Is she able to meet his demand?

Dawn Primarolo: Having listened to this debate and despite all the hon. Gentleman's protestations, I would like to ask him why the Government whom he supported cut advanced corporation tax if they believed that it would be so damaging. The issues are clear. The tax credits can be coped with in being withdrawn from pension funds and companies will benefit as a result. There is no change for charities and no change for other non-taxpayers until April 1999. Charities will then receive transitional compensation for five years, giving them a total of seven years' notice—more than the previous Government did.

Mr. Boswell: The hon. Lady has just effectively given the House the impression that there will be no impact in most cases of the changes which we have discussed. In that case, why is it necessary to give charities compensation? If there is no problem, why are the Government giving compensation to one sector but not another?

Dawn Primarolo: We accept that there is an impact on charities, and that is why we are giving compensation. It seems a very simple proposition, but obviously not one that Opposition Members can understand.

Individual savings accounts will be created to continue to provide tax-favoured savings. The provision of first year allowances for small businesses is a temporary measures to ensure that investment in machinery and plant for small and medium-sized companies can also assist their development.

The Government have responsibilities to promote real opportunities for all the people in Britain. Young unemployed men and women have responsibilities to seek

[Dawn Primarolo]

work and accept reasonable opportunities, and to upgrade their skills when those opportunities are provided. Those people are ambitious and motivated but cannot get work. There are also young men and women who have lost their motivation and whose ambition has been eroded as a result of years of unemployment under a Government who offered them no hope.

The Government have put forward a Budget which invests in people, education and health, and which creates stability and long-term security. This Government keep their promises and will be earning the respect of the people of this country. The people know that they can trust this Government because they are fair, open, honest and direct. That is why this Government have been elected. The economic policies to which Opposition Members have constantly referred in this debate have been rejected.

I hope that, in the discussions that will ensue on the Finance Bill, the Government will demonstrate that they do not follow the example of the previous Government. There will be no abuse of our majority; there will be debate and discussion of the issues before the House. I sincerely hope that, as has been said, we shall do so in a fair and open manner—not trading insults across the Dispatch Box.

Mr. Boswell: On a point of order, Mr. Deputy Speaker. The Financial Secretary has an endearing style of what might be termed serial peroration, which is why I intervened somewhat prematurely in her remarks. I gave her every opportunity to make some attempt to answer the four specific questions that I posed to her at the end of my remarks. I appreciate that she is new in the job and she may not be familiar with the answers to entirely reasonable questions, but she might have sought advice and made some effort to respond, as she indicated she would. Is not that a gross abuse of the House of exactly the kind that we have complained about before?

Mr. Deputy Speaker (Mr. Michael Lord): The way in which Ministers choose to answer questions is not a matter for the Chair.

Debate adjourned.—[*Mr. Robert Ainsworth.*]

Debate to be resumed tomorrow.

Transport (Middlesbrough and Cleveland)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Robert Ainsworth.]*

9.55 pm

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East): I am grateful for the opportunity of this Adjournment debate, because the subject is very important to my constituents. I congratulate my hon. Friend the Member for Hampstead and Highgate (Ms Jackson) on her appointment as the Minister for Transport in London. I am sure that she will make a great contribution, and I wish her well in the future on behalf of my constituents.

Some weeks ago, commuters on London underground and railway services found their journeys enlivened by sitting next to my hon. Friend the Minister for Transport in London and my right hon. Friend the Secretary of State for the Environment, Transport and the Regions, who abandoned the aroma of the leather seats of their ministerial Jaguars for public transport. I applaud them for that demonstration that we are committed to building a good public transport system for the 21st century. However, if their ministerial duties had taken them to the isolated villages in my constituency, they would not have been so lucky.

My constituents living in the hamlets of Margrove Park and Charltons have found that they have no bus services in the early mornings, evenings and Sundays, because of the supposed freedoms conferred on them by the previous Government's bus deregulation measures. Other communities, such as Loftus and Easington, have seen big reductions in their services and the loss of school runs. They can only watch bemused as more urban areas of my constituency experience a motley procession of buses, many nearly empty, through their estates.

Stainton village, which adjoins a more urban part of my constituency on the edge of Middlesbrough, has had its direct bus services to the town of Yarm cut. That has affected people's work prospects and dramatically affects school children, even though they live on the edge of a conurbation. Schoolchildren have petitioned me. For example, Carla Sterling, a 13-year-old from the small east Cleveland village of Brotton, tells me that she has to make a roundabout journey of one and a quarter hours to get to and from her school, Huntcliff, in Saltburn. That means that Carla loses two and a half hours a day out of her young life just to make the journey to and from her place of education. That adds up to nearly 400 hours a year, which could make all the difference between a good or poor GCSE grade. That is the human reality of the effect of a poor, deregulated bus service on a family.

Those villages need their services. Many local people find it hard to hold down a job. In an area of high unemployment, a job is a job is a job. Many people do not have access to private transport and in many wards more than 40 per cent. of families are without cars.

Many of my constituents find their social life during the evening disrupted, and local snooker, domino and darts clubs are finding their existence undermined. In the Lockwood ward there is only one church and the Sunday bus service was a lifeline for scattered worshippers. It has now gone. Why? Simply as a result of the impact of

deregulation and the measures originally pioneered by the former Secretary of State for Transport, the late Nicholas Ridley. The local bus company, which has a near total monopoly in the rural part of my constituency, has decided that the pickings are richer elsewhere. Those services were formerly underwritten by the then Cleveland county council, and most villagers travelled on buses supported by the public purse.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Robert Ainsworth.]*

Dr. Kumar: The fact that the former Cleveland county council played a key role in providing support from the public purse to provide excellent services has been recognised by my local newspaper, the *Evening Gazette*. A debate has now started in our local newspapers. I am deeply grateful for the support that the *Evening Gazette* has given me on this matter. There was a lead item on it yesterday, Wednesday 2 July. The newspaper rightly recognises that I am highlighting the concerns of many people in east Cleveland who raised the matter before, during and after the general election.

Now, with the advent of smaller unitary authorities and with all the problems that were visited on the fledgling authorities by the final local government settlement of the previous Administration, that support cannot be given to the same extent. Other pressing areas of services, notably school buses, have rightly had to be given priority, but that is no comfort to my constituents. The small print of local council budgets does not relieve their problems. It merely tells them why they are experiencing these difficult problems.

We need to consider as a matter of extreme urgency how we, as a Government committed to public transport, can bring a degree of sanity back into bus operation. We need to look into the quasi-monopoly that has arisen in the bus industry, and at the carving out of local and regional spheres of influence. The local council in the rural part of my constituency in the boroughs of Redcar and Cleveland all too often finds that, when it issues tenders for services, only the dominant operator in the area—Tees and District, part of the Cowie group of companies—bothers to reply. Other regional and sub-regional operators, notably Stagecoach, decline to tender out of their operating area. Smaller, often family-owned coach and bus operators find it difficult to compete for tenders that last only one year. They cannot be expected to buy new buses and hire new staff for a contract that they might lose 12 months down the line.

The problem is not confined to my constituency. It is a national problem. A recent study by Symonds, Travers and Morton transport planning consultancy found that, on average, 16 operators provided scheduled services in each local authority in the United Kingdom. Significantly, it also found that in almost all the areas surveyed just one dominant operator cornered the market, with small niche services existing on the periphery—the minnows following the sharks, perhaps. It went on to confirm the monopoly situation that is prevalent in the bus industry. If we accept the definition of monopoly as a company controlling more than 25 per cent. of the market, we find that no fewer than 94 per cent. of all local authority areas have suffered, and still suffer, from bus company monopoly practice.

We need to look long and hard at how the bus industry is to be managed in future. I accept and acknowledge that we cannot return to the position that obtained in 1986, or before that, when there was much that was bureaucratic. It was a system designed for another time, when there was a far lower level of car ownership, different journey-to-work patterns and different expectations of public transport. We must accept, however, that more re-regulation must be introduced. That, and the future for public-private partnerships, was outlined by the Minister of Transport earlier last week. My right hon. Friend argued that debate must begin on the future for local transport. He asked for everyone involved to give his or her views.

I shall make some suggestions to help my right hon. Friend along. My constituency lies within the orbit and influence of the Teesside conurbation. It is not formally designated as a metropolitan area, but it shares many of the characteristics of metropolitan areas such as Rotherham in South Yorkshire or Calderdale in West Yorkshire. There is a dense core surrounded by a string of small settlements.

Both Rotherham and Calderdale benefit from the existence of a passenger transport authority and a passenger transport executive. In a PTA setting, fares can be managed, routes devised and linkages with other transport modes, especially railways, harmonised and, of course, improved. PTAs already have the ability to set up dynamic and successful private-public infrastructure projects.

The success of previous large infrastructure schemes such as the Manchester metrolink, the rail improvements in Birmingham and the Sheffield supertram, all pursued by PTAs, prove conclusively to me that such authorities can manage complex systems and procedures competently and swiftly.

I recall the Secretary of State for the Environment, Transport and the Regions, speaking before the general election of possible pilot projects for PTAs in non-metropolitan areas. His statement was greatly welcomed by Teesside local authorities, which would welcome such additional powers. I know that they would welcome also being pilot areas. That, however, is insufficient. We need to go further.

Another respected transport research body, the Public Transport Information Unit, has recently issued a new and important contribution to the debate. Its research work, entitled "Buses for People—Social Provision and Commercial Service" argues the case for complete integration and reform of local transport systems. It argues also for the creation of an expanding public transport market that is based on the European experience. That would benefit everyone, including local authorities, private operators, the franchisee and, most importantly, the passenger. The unit drew on real experiences and from those produced real conclusions. Its words deserve further study and I recommend that further work be undertaken. I commend both studies to the House and to my right hon. and hon. Friends, but the prime lead must come from our local authorities.

Our local authorities, perhaps in areas like Teesside, through new non-metropolitan PTAs, and with the co-operation of the operators, need further powers to plan the shape and extent of the local bus network, to have returned to them the powers to license or to refuse local

[Dr. Kumar]

bus routes, to look to innovative public transport experiments for disadvantaged or remote communities, and to plan for full mobility for the elderly and the disabled.

We should not shrink from examining the physical methods to finance this programme. Possible models have been examined. Why do not we look at the potential earmarking of part of the existing business rate for public transport provision? We should examine financing arrangements that could follow from "network tendering" exercises, where an operator, in return for the knowledge that he has successfully tendered for a service period that could run for up to five years, makes a binding pledge to invest in new buses and guaranteed levels of service.

We are, of course, already looking at new forms of public-private partnerships for infrastructure investment for mass transit schemes in our cities. That model could be transferred to smaller bus enhancement schemes developed jointly by local authorities and bus operators. Timetabling and timetable information systems and good waiting facilities all help to make bus travel more accessible, comfortable and safe.

The role of these local-authority-led partnerships would be to overcome the difficulties caused by the impact of unrestricted deregulation—the wasteful competition, the decline in passenger usage, the honey pot syndrome and the low level of bus investment of the past 15 years—and to build on a foundation which sees public transport as central to the lives of our community.

The development of a new framework for public transport is long overdue. It is time to bury the old arguments that deregulation would free the market. It did not. The Thatcherite model of a free market has failed. It created new monopolies, penalised passengers and isolated both geographical communities and communities of interest.

In conclusion, I return to my constituents. The villagers of my constituency are looking for a lead from the Government. I believe that, with the help of the Labour Government, with imagination and with clarity of purpose, their isolation could be brought to an end.

10.12 pm

The Parliamentary Under-Secretary of State for Transport (Ms Glenda Jackson): I congratulate my hon. Friend the Member for Middlesbrough, South and Cleveland, East (Dr. Kumar) on securing this debate. I am sure that, given the detail and the commitment that he has shown tonight to his constituency and his constituents, he will be returned many times to the House. I sincerely hope so.

The issues that my hon. Friend raised are not of importance only to his constituency. They have a much wider significance in terms of the development of our policy for a balanced and integrated transport system. I share the bemusement of my hon. Friend's constituents that, in many rural areas, public transport provision is either inadequate or invisible. It is surely disgraceful that, in a country as small as ours, and only three years from the 21st century, there are rural communities that not only feel isolated but are isolated. That is why my right hon. Friend the Minister of Transport announced last week a review of buses and bus services—an example of the urgency that is needed in this area, to which my hon. Friend referred.

The purpose of the review is to examine how buses can best play their part in an integrated transport policy. We want to see increased use of the bus as a means of reducing congestion and pollution, particularly by attracting motorists from their cars. We recognise that buses have a crucial role to play in providing access to jobs and shops in rural areas—or areas outside the urban core—where car ownership is low. My hon. Friend touched on the harsh realities of unemployment as experienced in his constituency, and the seemingly pointless increase in journey times to schools.

I agreed with much of what my hon. Friend said when he referred to features of bus services that needed fresh consideration. I assure him that our review will be wide ranging. It will look at all aspects of buses, including the scope for more effective use of bus priority measures, including segregation from other traffic; better arrangements for passenger information and ticketing, including inter-modal travel; and regulatory and other measures to improve the quality of bus services, notably through the quality partnership approach between operators and local authorities.

There are some promising developments already on this front in many areas. Only last week, I was privileged to launch a new service in Northampton using gas-powered, low-floored buses. I was much impressed not only by the vehicles but by the steps taken by the local authorities—county and district councils—working together to improve waiting and boarding facilities and to give priority to the bus at major junctions.

Such measures can only help to make bus travel more attractive as an alternative to the private car. That is what we must do, if we are to make our towns and cities better, cleaner and safer places to live in and visit. An integrated approach to transport means that we must also examine disincentives to using private cars where public transport options are available.

My hon. Friend spoke of the need to give local authorities—at least in some areas—the powers to plan the shape and extent of the local bus network. I must tell him that we are approaching the review with an open mind. We do not come to it with preconceived ideas about the scale and nature of the changes that may need to be made. We are certainly seized of the need to make changes, if we are to have a hope of seeing the long-term decline in bus patronage halted and reversed, and of seeing a wider provision of services in areas which need them.

There is a range of possibilities, including radical options such as franchising buses, either by area or by route. Another approach might be based on quality partnerships, but with powers to enforce conditions if voluntary arrangements prove insufficient. I have been impressed by what I have seen up and down the country of such partnerships in action.

We shall be seeking views on these matters from a wide range of interests and intend to consult fully with the industry, local authorities, bus users and other groups. Many of the points that my hon. Friend made tonight will be of great value to that review.

I particularly noted the concerns that my hon. Friend voiced—most succinctly but in no small detail, if I may say so—about the local authority subsidy of socially

necessary bus services. The House will recognise that there are many competing pressures on local authority expenditure, and I am, of course, not in a position to offer a new pot of gold to relieve those pressures.

However, the bus review will also address financial issues such as costs and support for the industry. More generally, public transport solutions may—as my hon. Friend acknowledged—require new methods of funding if we are to secure sustainable policies for the longer term. I can reassure my hon. Friend that the White Paper will address that.

The absence of local bus services in rural areas mentioned by my hon. Friend highlights the difficulties in catering for the needs of communities where, in many cases, patronage levels do not attract commercial services. I agree that that is a very real problem, but even new funding arrangements would not make it possible to provide services to meet every aspiration.

My hon. Friend has made some interesting comments on the degree of competition for tendered services. Recent research for my Department has shown that the national average of bids per contract is now just over three bids per tender. That is a decline from an average of around five in the early days of deregulation. The reasons for the decline are complex; they include higher quality specifications set by local authorities as well as the consolidation of ownership within the industry. And the degree of competition still varies markedly from place to place. I accept that there are issues here that we will need to look at in the context of our review.

My hon. Friend has suggested that a way forward would be the establishment of a passenger transport authority to cover Teesside. That clearly is an interesting option which I do not dismiss. We will wish to consider the role of PTAs and PTEs as part of the wider review that will lead to a White Paper on transport, but let us remember that local authorities already have significant powers to promote transport.

Public transport policies are not merely the preserve of PTEs; local authorities have responsibilities for bus infrastructure, the provision of timetable and fares information, and the support of socially necessary bus services, which they can support after competitive tender. Similarly, they can enter into quality partnerships. I take my hon. Friend's point about shortage of cash, but, of course, that also applies to PTAs.

There is no reason now why the new unitary authorities on Teesside should not co-operate with each other, and with the rail and bus operators, to achieve a more integrated transport strategy for the area. The franchising of rail services should not in itself prevent closer working between local authorities and the rail industry. Both Railtrack and the train operators are keen to consider value for money improvements to the rail network. Local authorities should look to opening a dialogue with them and with the Office of Passenger Rail Franchising.

Talking of capital investment, I hope that my hon. Friend will acknowledge that my Department provides resources for capital expenditure by Teesside local authorities on their transport infrastructure, under the transport policies and programme system. We have, for example, been funding the Teesside transport package since 1995-96. A total of £3.3 million has so far been allocated to it.

The package strategy puts strong emphasis on promoting alternatives to the car, with relief of congestion and regeneration of the area as the principal aims. I am very keen to see that significant environmental benefits are achieved and that improved facilities for bus travel are a key element. In addition to new busways, rail improvements are among the longer-term features. We shall continue to fund this package in future, as far as resources permit, and providing it delivers the forecast benefits.

My hon. Friend asked for a lead from the Government. He is right to expect it. I can tell him that the Government intend to give such a lead. We will be looking at the future role of the bus industry in the context of a proper role for local authorities. We will be led not by doctrine or dogma, but by our desire to see buses play their full role in an integrated transport policy for the future, and for the benefit of all the people of the United Kingdom.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes past Ten o'clock.

House of Commons

Friday 4 July 1997

The House met at half-past Nine o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [2 July].

WINDFALL TAX

Motion made, and Question proposed,

That provision may be made for imposing a tax on the amount of the windfall from which a company was benefitting on 2nd July 1997 in any case where—

(a) an undertaking whose privatisation involved the imposition of economic regulation has been privatised by means of a flotation; and

(b) the profits of the undertaking in the period after the flotation show that the company was benefitting on that date from a windfall from that flotation.—[*Mr. Gordon Brown.*]

Question again proposed.

Budget Resolutions and Economic Situation

9.35 am

The Secretary of State for Social Security and Minister for Women (Ms Harriet Harman): The Budget that my right hon. Friend the Chancellor unveiled on Wednesday is an historic one. It is the first Labour Budget for 18 years, and it takes the first steps to create a new welfare state for Britain.

We have inherited a legacy of failure and division from the former Tory Government. Today, I will set out our plans for tackling that legacy, and for providing new opportunities for everybody in Britain.

The Government have made a contract with the nation. We have promised to rebuild a society in which opportunities and duties are common to all, a society in which everybody has a stake, a society from which no one is simply excluded.

Unlike the previous Government, we will not stand by while more and more people are condemned to a life of dependency, cut off from the rest of society. We will create a modern welfare state to help rebuild a strong and cohesive society; a welfare state that offers everyone who is able to work the opportunity and encouragement to do so in order that they can provide a better life for themselves and their family.

Reforming the welfare state is one of the biggest challenges facing our Government, but, after just two months, we have already made a start. We do not underestimate the size of the task ahead of us. After 18 years of Tory neglect, Britain is divided as never before: the gap between rich and poor has grown; one in five households of people of working age now have no one in work; and the Tories condemned a generation of children to grow up on benefit—a quarter of all children in Britain now live in families where no one is in work.

Everybody has had to pay the price for that failure. Those who have been excluded from society, and their children, pay the heaviest price. But we all suffer the consequences: a divided society, and increased taxes. One pound in every three of Government spending now goes on social security.

The contribution of my predecessor, the former Secretary of State for Social Security, to dealing with the rising costs of social and economic failure was to hand the Treasury an IOU for more than £1 billion. The problem is that he never got round to paying the bill, and now we have to pay off his debt. But we will not shirk our responsibilities. We will make hard choices, because we have a contract with the British public, and we will stick to it.

We said that we would stay within the spending limits announced by the previous Government: we are. We said that we would have different priorities: we are changing spending plans to meet our different priorities. We said that we would offer a new deal to help the young and long-term unemployed to get off benefits and into work: we are providing a new deal for the young and long-term unemployed.

We are doing more. Lone mothers have previously been excluded. So have those with ill health or disabilities. We will extend opportunities to them, too. We said that our priority would be the poorest pensioners. We are helping them by cutting VAT on their gas and electricity bills, by cutting their gas bills, and by insulating their homes.

For people of working age, the best form of welfare is work. The Government's new deal, announced by my right hon. Friend the Chancellor on Wednesday and set out in more detail yesterday by my right hon. Friend the Secretary of State for Education and Employment, offers opportunities to work for all people of working age who have been left to depend on benefit for too long. Today, I shall set out to the House how we will take this further.

Many of those who are disabled or have long-term health problems want to do some work. They do not want to be simply written off by the system to a life on benefit. Under our new deal we shall offer them the opportunity to get back into work. Some £200 million from the windfall levy has been set aside to fund that important programme of opportunities.

Nearly all lone mothers want to work, particularly when their youngest child has started school; they want to provide a better life for themselves and their children. They want to work, not despite their children, but because of them. Their aspirations are no different from those of any other mother. They tell me, "I want the best for my children. I want them to have a better standard of living, and I want them to see me working rather than being dependent on benefit." That is what they say, and they are right.

[Ms Harriet Harman]

When children grow up in a home where no one is in work, they can grow up to believe that life for them, too, is about being on benefit. But when children in a family with a lone mother grow up seeing their mother work, they expect that their income will also come from work, not benefits. Children who grow up with their mother in work rather than on benefit are better off. They are better off financially, of course, but, more than that, they are more likely to do well at school; they are more likely to get a job; and girls are less likely to become lone mothers themselves.

Under the Tories, lone mothers were in the wrong whatever they did. If they worked, they were neglecting their children; if they depended on benefit, they were scroungers. We want every lone mother to have the opportunities that are available to others in our society. First, we will help lone mothers to get off benefit and into work through our new deal for lone parents.

When her youngest child goes to school, each lone parent will receive a letter inviting her into the jobcentre. She will get her own personal adviser, who will help her through all the steps towards finding a job. Her adviser will talk to her about current job vacancies in the area and help her to make arrangements for her children out of school hours and during school holidays.

The adviser will offer to help with the costs of child care while the lone parent looks for a job. Her personal adviser will show her what benefits she can receive while she is working and, importantly, help her to sort out her in-work benefits. Her personal adviser will help her to apply for child maintenance if she is not already receiving it. Her adviser will help her to apply for jobs by helping her to write a curriculum vitae and prepare for interviews. Her adviser will help her to set her own action plan, tailored to her own circumstances and those of her children, to guide her through the process of looking for work.

The first stage of our welfare-to-work programme will start on 21 July, when the new deal for lone parents will be launched in the first eight areas, bringing help to more than 40,000 lone parents within just 12 weeks of Labour taking office. Our national programme will be fully implemented as soon as next year, using £200 million of windfall levy money, as announced in the Budget.

Mr. Simon Burns (Chelmsford, West): Could the right hon. Lady clarify something for the House? She keeps mentioning the figure of £200 million. The chart 2.1 on page 33 of the Budget booklet states that the new deal for lone parents has a running total of £200 million. But if she adds up each year's amount as specified in the chart, she will find that the figure is not £200 million, but £210 million. Is that a printing error?

Ms Harman: I cannot quite work out whether the hon. Gentleman is complaining that we have been too generous. I think that the Chancellor said that the figure would be "in the region of" £200 million—the actual figure is £210 million. What is the hon. Gentleman saying? Does he want the figure reduced by £10 million? If he has problems with the figures, I am sure that I can write to him and set them out in detail. This is a debate of important substance about opportunities and the new programme that we are setting out.

Mr. Burns *rose—*

Ms Harman: I hope that the hon. Gentleman's intervention will be in that spirit.

Mr. Burns: I am grateful to the right hon. Lady for giving way again. I did say in my original question that I was asking for clarification, and it is sad that she seeks to answer by making a cheap point. The chart for the four years specifies £40 million, £50 million, £60 million and £60 million again, with a grand total of £200 million. To me, those figures add up to £210 million. As a matter of information and clarification, I was merely asking whether the figure was £210 million or £200 million. I am not trying to say that the figure should be more or less: I am merely asking about a point of information.

Ms Harman: The figures as set out in the Red Book are correct, and the programme for opportunities for lone parents will be fully implemented, starting next year.

Secondly, we will help lone parents to get off benefit and into work by ensuring that they get proper maintenance for their children from the absent fathers. We know that, when fathers pay regular maintenance for their children, it helps lone mothers to get back to work. But too many fathers shirk their responsibilities; almost two out of three fathers do not pay proper maintenance for their children. We are determined that the Child Support Agency will build on the progress that it has already begun to make in that respect.

Thirdly, we will help lone parents to get off benefit and into work by providing better access to affordable high-quality child care. For the first time, we now have a Chancellor who recognises that women want to work, and, more than that, have a valuable contribution to make in the world of work and in the economy. Many businesses recognise that lone mothers are valuable employees. Bringing up children and running a household single-handedly require determination, flexibility and organisational ability—qualities that are essential in the modern labour market.

One of the keys to enabling women to balance their work and home responsibilities is child care. Child care is therefore as much part of our economic infrastructure as the roads that take women to work. In the Budget, we have announced a radical programme of measures that make child care an integral part of our economic policy. As promised in our manifesto, we shall set up a network of after-school clubs, so that children can be cared for when their mothers are at work. That will be funded by money from the national lottery.

Secondly, 50,000 young people will work and train in nurseries and after-school clubs to help those child care providers and to help young people to obtain qualifications in child care.

Thirdly, we shall put child care at the heart of rebuilding our communities, by highlighting its importance in the single regeneration budget.

Mr. Iain Duncan Smith (Chingford and Woodford Green): Will the right hon. Lady clarify another point of

information? Who will be trained as child carers? Will they be young people who have been unemployed for more than six months, or will the category be spread wider? It is important to know, because it will affect the job subsidy.

Ms Harman: They will principally be people who are under 25 and who have been unemployed for more than six months. We want to ensure that they are offered a good choice of employment and training settings. But with this measure we can both give them a wider set of opportunities—of places where they can work and train—and ensure that we help our child care infrastructure.

Fourthly, we will make child care more affordable, and more within the reach of mothers who want to work, by making two improvements to the child care disregard in family credit, housing benefit and council tax benefit. We will introduce a new maximum disregard for child care of £100 a week for families with two or more children; and the age of the child up to which a disregard will be available will increase from 11 to 12.

Together, all those measures for new opportunities and for more child care make the beginning of a radical new approach to welfare—one that puts work at the heart of the welfare state and that extends opportunities to those who have until now been denied the chance to provide a better life for themselves and their children, and who have, worse still, been described as scroungers.

Mrs. Cheryl Gillan (Chesham and Amersham): The right hon. Lady has made much of the affordability of child care. As a point of information, will she tell the House now what is the current average cost of child care per week, and what the cost will be after she has brought in these radical proposals? How will the proposals actually make child care more affordable, and can parents rely on paying perhaps £40 or £50 a week? Can she tell us the exact amount she anticipates child care will cost?

Ms Harman: The hon. Lady will know that there are two questions relating to after-school clubs. The first is how much it costs the after-school club to provide that care, which is an average of about £15 per child. The second is how much the mother is charged, if a charge is made. There is different practice in different local areas—some use a sliding scale, some provide all places free and some charge the full rate for all places.

We want to build on existing practices and ensure that, through the lottery, the Government help to build that important part of our child care infrastructure; but we will not lay down a blueprint from Whitehall for charging lone parents for after-school clubs. The after-school club network is one of the community-based organisations that have grown up locally. They will find their own best arrangements, but they know that they will now have the Government's support. They will not grow despite Government; they will grow with our backing.

Our new approach is a crucial part of achieving the aims that we set out in our manifesto—needing to spend less on the costs of social and economic failure so that we can invest more in education and health; and reordering existing spending plans to meet our priorities within the spending limits that we have inherited. To keep within those spending limits, we have had to proceed with some of the measures that we inherited, and I announced full details of all those measures on Wednesday.

However, I have made significant changes to three inherited proposals within our spending restrictions. First, although the number of waiting days at the beginning of jobseeker's allowance will increase from three to seven, I have announced a change in the way claims are paid to ensure that the maximum period anyone will have to wait before receiving the first benefit payment is no longer than at present.

Secondly, the new common time limit for backdating all benefit claims and all reviews will be one month. Thirdly, we have decided not to go ahead with reducing housing benefit entitlement for single people over 25. I intend to meet the considerable cost of that last measure by increasing the rate at which non-dependant deductions are set. However, I intend to leave unchanged the rate of deduction to housing benefit for those with the lowest incomes.

The reform of the welfare state to meet the challenges of the 21st century is one of the most important tasks facing the Government. Our welfare-to-work Budget marks the first step in a radical new direction for welfare—the end of the Tory approach to welfare that brought social exclusion and denied opportunity, and the beginning of a new approach to welfare bringing opportunities to work for all. We will deliver new Labour's commitment to build a new Britain in which everyone has a stake. That was our promise to the British people, and that is the promise we will keep.

9.53 am

Mr. Iain Duncan Smith (Chingford and Woodford Green): I have already welcomed the Secretary of State and her team to their positions, so I cannot go around that one again. Nevertheless, I wish them well, because this is a vital area. They are set to make big changes, and, as I have said before, we will look at them positively and try to be constructive.

Before I look at the Budget and its implications, I shall start by talking about my predecessor and the right hon. Lady's, my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley). I want to put on record praise for him and all the work and effort he put into his job as Secretary of State. His successes were both political and administrative. His "intelligent stewardship" reformed the welfare system "carefully" and "intelligently"—not my words, but those of the Minister for Welfare Reform, the right hon. Member for Birkenhead (Mr. Field), who was most generous in his praise of the way in which my right hon. Friend set about changing the system. The key fact is that those reforms made certain that the exploding costs of welfare were held in check, and were, for the first time since Beveridge, kept below the growth of the economy.

In the run-up to the general election, the right hon. Member for Sedgefield (Mr. Blair), now the Prime Minister, claimed:

> "We will be open with the people about tax".

What is clear from the Budget is that Labour was anything but open in opposition, and intends to continue that trend in government.

The Budget raises large amounts of extra taxation—about £6 billion a year. We should make it clear, because it is not clear to many people outside, that that is equivalent to about 4p in the pound on the standard rate of income tax.

[Mr. Iain Duncan Smith]

The Chancellor has not done it that way, of course; he has been careful to change it so that it is less clear to those outside. After all:

"A high-tax economy is not a high-success economy"—

the words of the Prime Minister at the Welsh conference last year.

However, this huge tax hike, despite being so hidden from the general public, nevertheless carries massive implications for them. After all, as my right hon. Friend the Leader of the Opposition said, John Kay has already confirmed:

"There is no such thing as a tax on firms: the effective incidence of all taxes is ultimately on individuals."

Therefore, the tax increases on the corporate sector that have been levied this time around are bound to be passed on to everybody in work.

What is most worrying, given the rhetoric of the right hon. Lady and her right hon. Friends, is that the first to suffer will be pensioners. The introduction of the windfall tax on the privatised utilities will impact on pensioners and pension funds. Holding shares in such companies, their returns will diminish. The value of pensions will also suffer as a result of the abolition of advance corporation tax. We have been around these points already, but they are worth repeating.

By reducing the amount of tax that funds can claim back, the measure raids some £5.4 billion from pension funds, which helps to explain why, yesterday, the National Association of Pension Funds described the Budget as

"the biggest attack on funded pension provision since the war".

By taxing pension funds, the Government will also reduce the capital base of British industry. The Chancellor is gambling that that will not lead to an economic downturn or to a rise in unemployment, for it is then that the promised savings in the social security budget will not materialise. Indeed, that might be why the Chancellor failed so singularly during the course of his Budget speech even to mention delivering social security savings.

It is worth reminding all those on the Government Benches who have forgotten that, in the Labour manifesto, point No. 1 of the "contract with the people" said:

"Education will be our number one priority, and we will increase the share of national income spent on education as we decrease it on the bills of economic and social failure".

Ms Harman: Hear, hear.

Mr. Duncan Smith: I am glad that the right hon. Lady stands by that, and I shall question her later about other things she stands by. That promise at the beginning of the manifesto was then quietly dropped from the rhetoric of her right hon. Friend the Chancellor.

As my right hon. Friends the Leader of the Opposition and the shadow Chancellor have said, the Conservative party supports the aim of getting young people off welfare and into work. Of course we do—that was the position before the election and it remains the position now. It was one of our most fundamental objectives, and, I believe, the one in which we were most successful.

Let us be absolutely clear: the Government will want to claim the credit for reducing unemployment, but the work has already been done through our policies of reducing burdens on business and creating new benefits, such as the jobseeker's allowance, which combines carrot and stick, and achieving sustainable economic growth. We therefore now need to define what the Government will need to do to succeed over and above that. In other words, we need to put a floor underneath the Government's expectations and claims, so that we may judge them over the course of the next few years.

Unemployment among the under-25s has fallen by 100,000 a year for the past four years—from 800,000 to 400,000—a fact that is often repeated, but worth doing so again. A similar steep trend has emerged in the number of those who have been unemployed for more than six months. It has fallen from more than 400,000 to less than 200,000—I believe about 178,000—in the past four years. That was done without a windfall tax, a tax on prices or a tax on pension funds. Britain's percentage of unemployment is among the lowest in the major European Union countries. Obviously, therefore, we support the Government's aim.

However, today and in the coming months and years we must ask ourselves, will the measures succeed as the Government wish, and will the proposals that they intend to implement not destroy jobs but create employment, which is the priority that the Government have set themselves? I am worried about that, and I believe that we have a right to be worried.

Our experience of government suggests to us—and, it appears, to most other commentators—that the Government's proposals are more than likely to create only temporary jobs, and are not, in the long run, the best way to remedy unemployment. Unfortunately, make-work schemes always cost more than they save. We know that; we have been around this loop before; the argument has been repeated when Labour was in opposition and now, when we are in opposition. Job-destroying taxation also costs more than it saves.

When the Government were in opposition, they embarked on a sort of Robin Cook's tour of the world, studying all the programmes that existed. They were followed by a team of economists, which eventually caught up with them and summarised all the programmes that they had considered. It was National Economic Research Associates which tried to find any make-work scheme that saved money as the Government claimed. It considered 17 schemes in 10 countries, and decided that they had all failed. None saved money in real terms. The reasons that NERA stated are obvious, and worth repeating.

First, money is spent on people who are likely to have obtained jobs anyway. NERA has estimated that up to 50 per cent. of wage subsidies go to people who do not need them.

Secondly, money is spent on "creating" jobs that are not "created" at all. Employers are simply destroying the jobs of people who are not eligible for the £60 subsidy—or whatever subsidy is given elsewhere—to employ people who are. *The Economist* has estimated that Labour's proposed scheme will destroy as many jobs as it creates, and NERA has estimated that only two out of every five jobs will be "really created".

Thirdly, money is spent on creating jobs that turn out to be temporary. Many business men have admitted that they could easily use the scheme to take on the

unemployed, employ them for as long as the subsidy exists and then replace them with another round of subsidised employees—the revolving door concept.

What checks, what elements of stricture, will the Government introduce to prevent that happening? The Minister for Welfare Reform knows that I have raised that matter in a roundabout way in relation to abuse of the system, but this obviously has an impact on young people's aspirations. If they find that their colleagues and friends are going through that process, many others will be deterred from taking advantage of the scheme. That is a very important aspect, which needs to be tackled.

The Minister for Welfare Reform (Mr. Frank Field): How does the hon. Gentleman square what he has just said with NERA's overall finding that the Right to Work Bill would save money?

Mr. Duncan Smith: I accept that NERA did say that, but I am considering the proposals that have been presented today and in the Budget. NERA studied similar schemes worldwide—the proposed scheme is largely based on what has been seen elsewhere and thought to work, especially the jobs, education and training scheme in Australia. Let us remember that it was said that the scheme would, net, save money. My question is, will it save money? I feel—as did NERA—that it will not do so. The jury is still out on the broader question whether it will, and the right hon. Gentleman knows that that is not yet proven.

Mr. Field: "The right to work proposals" was a collective title. Under that title were included programmes such as those that the hon. Gentleman is now discussing.

I repeat my question: if NERA came up with an overall finding that such an approach would save money in the long run for the Exchequer and taxpayers, as well as doing an enormous amount of social good to the individuals involved, why does not the hon. Gentleman take that as his starting point instead of considering the individual parts of the programme, as he is doing?

Mr. Duncan Smith: Whether or not the right hon. Gentleman is, I am a great believer in working from the bottom up, not from the top down, and I believe that the secret of the success or failure of these programmes lies in the detail of their implementation. If the scheme does not work, NERA's general conclusions will be irrelevant.

I have difficulty in understanding how NERA reached the general conclusions of its report. I do not wholly agree that that will necessarily be the outcome. I believe that the problem lies in the details, and I believe that I have a legitimate right to test the Government on those. We shall continue to do so in the next weeks or months.

If Labour Members believe, as they must, that reducing the cost of employing people by giving a subsidy of £60 a week will increase the number of jobs, they must accept that increasing the cost of employing people by introducing a minimum wage has the opposite effect. They are caught on the horns of a dilemma. Labour's welfare-to-work policy directly contradicts its industrial policy. On the one hand, the Department for Education and Employment will busily try to create jobs; on the other hand, the Department of Trade and Industry will be busy destroying them.

Worse still, the DFEE's make-work schemes could be temporary, and limited to a few hundred thousand jobs. If, as I and all my Conservative colleagues believe, the DTI's minimum wage comes into effect, it will negatively affect, not hundreds of thousands but millions of people. Obviously, that will depend on the level of the minimum wage.

Mr. Julian Brazier (Canterbury): Before we leave the subject of subsidising work, were not the points that my hon. Friend has been making repeatedly made by Labour Front Benchers when we set up schemes such as the youth training scheme? That scheme had the narrow aim of providing work experience for young people. The much less restricted schemes that the Government are proposing—which apparently will be available to people of all ages who have been unemployed for a certain number of months—have none of the safeguards that the YTS has. Why do not Labour Members object to it?

Mr. Duncan Smith: I am grateful to my hon. Friend; he makes his point powerfully. I shall speak about some of those contradictions in due course, and I hope and expect that the Government will be able to give an answer on one or two of them.

I am sure that the Deputy Prime Minister is bored and fed up with having it thrown back in his face, but he said of the minimum wage:

"any silly fool knows that"—

meaning that there would be a job shake-out. Apparently that is now not the case.

More specifically, however, let us turn to the changes to the responsibilities of the Department of Social Security. The next part of Labour's welfare-to-work proposals concerns lone parents, and I dare say that no one in the House has been more strongly identified with those than the Secretary of State for Social Security and Minister for Women has been for a while, so it is appropriate in many senses that she is at the Dispatch Box today, because that is a core part of the changes.

The Secretary of State has presented to the House proposals in three parts. The first part was to increase the maximum disregard for child care costs for those on family credit with more than one child from £60 to £100, and to increase the maximum age from 11 to 12. The second part was to train up to 50,000 young people to become child carers. The third part was to give up to 500,000 lone parents an interview to help them find a job. Those changes give rise to questions, and the detailed answers will hide or reveal the success or failure of the future programme.

I assume that, to increase the child care disregard beyond the £60 that the previous Government raised, the present Government—the Secretary of State especially—must have received evidence that there is no danger of the extra money being spent only on better-off lone parents. The right hon. Lady's predecessor in opposition as Labour spokesman on social security, the right hon. Member for Islington, South and Finsbury (Mr. Smith), strongly held the view that a disregard for lone parents mainly helped the better-off. He said:

"many people in real need already receiving maximum family credit will not be able to benefit from the increase in the disregard."—[*Official Report*, 29 November 1995; Vol. 267, c. 1217.]

[Mr. Duncan Smith]

That is how he attacked our original move on this. Some 310,000 lone parents are on family credit, and £10 million a year will be spent on them. Even if all the disregard went to lone parents—I understand that families where both parents work or where one is disabled will be eligible also—they would each receive only 62p a week. If all the 1 million-plus lone parents receiving Government assistance were to be eligible, they would each receive only 20p a week.

How will the Government escape from this problem? They must either promise that the programme will go over budget to provide all those people with a more significant amount, as clearly that is not enough, or they will have to accept that the disregard is likely to go to a small proportion of people—more than likely those who have child care now. After my right hon. Friend the Member for Hitchin and Harpenden created the £60 disregard on which the Government are building, there was a tendency for a large proportion of it to go to people already paying for child care. Those people, by definition, are more able to pay, so the new Government's measure will simply exacerbate the problem.

I repeat my question to the Secretary of State—what evidence has she received to suggest that that will not be the case? The Government seem to have performed a volte-face, and I would like to know why.

The second strand of the programme will finance the training of 50,000 child care workers, and I have some concerns about that. The extra training clearly will not make it cheaper for lone parents to employ carers, because they will carry with them an extra amount of money because of the training. Having made trainers more costly, the Government will also ensure that they are paid the minimum wage—whatever it may be—which also increases costs.

The minimum wage will arguably render less-skilled child carers as expensive as more-skilled trainers are now, and more-skilled trainers will become even more expensive. Who will pay for their employment? If lone parents cannot afford a child carer—and the disregard will help only a small number, or else its help will be nugatory—what will happen to them?

Furthermore, the Secretary of State said that most of the carers to be trained will come from the ranks of young people who have been unemployed for more than six months. The figure we have is that they number 178,000, and she is suggesting that 50,000 of them will be trained as child carers—approaching one third of the group at whom she is aiming. Is that the case? If not, only some of the employers will receive the £60 subsidy, which will push up costs for those who are not part of the welfare-to-work scheme and for whom there will be no subsidy.

That raises bigger questions about training. One of the traditional problems with Government-sponsored training schemes is that, too often, they train people for inappropriate jobs. One of the schemes at which the Secretary of State and her hon. Friends will have looked is the JET scheme in Australia. One of the biggest criticisms of that scheme was that it ended up training many people as hairdressers. When they finished their training, they went back into unemployment, because no hairdressing jobs were available. *[Interruption.]* As the Minister for Welfare Reform suggests, hairdressing is not something which concerns me. Perhaps, if more people were like me, we would not need hairdressers. Perhaps time will force him down that road also.

People being trained for jobs which do not exist creates major problems, as we have found with the training and enterprise councils. When one sets targets for training, people are often trained willy-nilly, regardless of requirement, to achieve those targets. How will the Government tackle that? Will they be training people only to put them back on the dole with a higher level of qualifications?

In a similar vein, the Secretary of State wishes to ensure that child care is available in different parts of the country. If carers are being trained in one part of the country and the demand exists somewhere else, is she suggesting that we should bus trained child carers from one part of the country to another? One of Labour's documents before the election stated that the party admired the Greek system of mobile child care. Is this where we are going—moving trained carers all over the country to wherever the demand is? Or will we have to focus on the demand and then train the carers?

Mr. Field: Perhaps they should get on their bikes.

Mr. Duncan Smith: My predecessor, Lord Tebbit, would be interested in that. The big question for the Minister is, who will pay for the bikes?

The Secretary of State's third strand is inviting lone parents in for a discussion, and I would like to know the cost of the initial phase. Presumably the cost will be borne within the figures which have been announced. There are problems with this strand, which is the main part of the programme. To start with, it will involve only 500,000 lone parents, and, by the Government's own reckoning—the right hon. Lady has said this on record many times—some 900,000 want jobs. What will happen to the other 400,000? How will the Government deal with them?

The Government are not even offering anything new, apart from the invitation. The Secretary of State will know that lone parents have always been able to go in for a job discussion or a one-on-one to decide how to proceed. My hon. Friend the Member for Havant (Mr. Willetts) has been told that the Employment Service will not make any new resources available in this area once the lone parent has arrived in the office. In other words, the Government have admitted that the system is in place to deal with the problem. If the Government invite all lone parents in at one go, how will they deal with the peak demand? Surely that will carry an extra cost. How will it be met? Have they thought about that?

The previous Government thought about this problem, and set up a pilot scheme called parent plus, which the Secretary of State has scrapped. The scheme had £20 million attached to it, and carried positive aspects. It was about mentoring, evaluation and—most particularly—rewarding success through the use of the private sector. It was based on evidence from the United States—which the Secretary of State will have looked at—which seemed to suggest that the in-depth follow-up, not simply the interview and advice, ultimately led to success.

There are too many unanswered questions about the three strands, which the Secretary of State must undertake to answer. In the absence of a statement today—which I

accept—we will need to hear more in the next few weeks and months. If the questions are not answered, the strands of the programme will begin to unravel, and the Secretary of State's reputation on this matter will unravel with it.

The Secretary of State has embarked on the sort of technocratic small-scale changes for which she and her colleagues attacked the previous Government in the past. For example, she is proposing to cut the time limit for claiming social security benefits from three months to one month. She did not refer to this earlier, as I hoped she would.

We agree that it is important for people to make their claims properly. We are not clear, however, that the Government can claim credit for making life easier for the 3 million pensioners eligible for income support when, at the same time, they are trying to catch some of them out for not claiming extra benefits to which they might be entitled—things for which Labour chastised the previous Government.

This is clearly a savings measure—there can be no other reason for it. How much will it save? How many people does the Secretary of State expect to catch out with this measure en route to the saving? In what categories are they to be found? I wonder whether we will be the main opposition to this proposal once her right hon. and hon. Friends begin to understand what she has embarked on. As Government Back Benchers get to know this policy in more detail, they will have to hold their noses as they go through the Lobby to vote for it, as clearly this is not what they believe they came into government to do.

In another example, on 18 June, the Secretary of State announced in two dedicated press releases that she would not implement our changes to housing benefit. That is clear. One would have expected Labour to support the changes, because they were about not making it more difficult to employ people through the cost level, but the Secretary of State described them as savage cuts, and has now revoked them.

The right hon. Lady told us that she would pay for the change in policy through the Budget, so how will she do that? The press release said that she would pay for it in part by cutting the amount of housing benefit available to people who share a flat or a house instead of living on their own—in technical terms, by increasing the amount of non-dependant deductions. That is one of the more complicated areas of policy in social security, and I am sure that the Secretary of State is aware of that. It certainly hides the reality of the change, but it will hurt people. Because she decided to get rid of the changes to housing benefit, she will have to squeeze another group of people.

I note with interest that the Secretary of State clearly disagrees with her two predecessors as Opposition spokesman who, when we changed the housing benefit system, were straight about their opinion. Her immediate predecessor said:

> "It will provide an incentive for families to remove adult children from family homes."—[*Official Report*, 29 November 1995; Vol. 267, c. 1216.]

Her predecessor but one said:

> "Why should the non-dependant deduction for housing benefit purposes, to take one other example, be increased well above the rate of inflation? What is the point of that? What will that do to encourage a family to stay together"?—[*Official Report*, 30 November 1994; Vol. 250, c. 1209.]

That was the Labour position for a long time, and I suspect that the Secretary of State, if pressed, would admit that she agreed with it. However, to make the necessary savings, she has actually implemented a higher cut. That is what her press release means, and that is another little policy that her colleagues will have to hold their noses to vote for. They disagreed with us when we did it, but now they are making those changes to housing benefit.

We still do not know where the money will come from. There is still a gap. The Secretary of State is delaying the implementation of the lone-parent rate of child benefit from April 1998 to June 1998, according to the press release. Where will the money be found? Will it be from the sum total that I have mentioned? We are beginning to whittle away at that rather quickly.

The cuts for housing benefit for adults who share flats will come into effect only in April, six months after we were going to lessen work disincentives for single people, and, even by the Government's own admission, will only in part pay for the non-implementation. How will the gap be made up? We have had no answer.

I tried to intervene in the Secretary of State's speech to ask her about the jobseeker's allowance, because she skated over it quickly. What does the press release mean when it says that the Government will

> "manage the cycle of . . . payments to ensure . . . that nobody would have to wait more than the current maximum time before they received their first payment of benefit."

Does that refer to our change from three to seven days, or is it a commitment to go back to three days? Is the Secretary of State staying with seven days, but telling her colleagues that she will keep the time down to three days so the claimants will not suffer?

After the Government's rhetoric about hating the jobseeker's allowance and wanting to get rid of it, Labour Members should understand that, far from getting rid of it, the Government have stuck by our later changes. What does the press release mean, and how does the Secretary of State square it with her previous commitments?

The press release also blandly stated that the Secretary of State would find an extra £120 million from maintenance through the Child Support Agency. Where? How? We heard nothing more about that in her speech. Is that a notional figure that the Government have plucked from the air to fill the gap, or is it part of our proposals for the CSA that the Government will now simply implement? We need to know, because those questions all eat into the sum total of money that we were told has been given for the programme. It now also appears that the Treasury has given £10 million more to the Department, anyway—or is it less?

A pattern is being established. The Chancellor seems to set the framework for future social policy. The Minister for Welfare Reform is in charge of reviewing the pensions system, and Mr. Martin Taylor is in charge of reviewing the tax and benefits systems. Furthermore, Peter Davis is in charge of a welfare-to-work task force directing and arranging placements for any lone mothers willing to take up Labour's new deal.

At first I thought that the Secretary of State had been left in charge of one key area—women's issues—and indeed she was for a couple of weeks. However, the

[Mr. Duncan Smith]

Prime Minister spotted that, and quickly appointed the hon. Member for Lewisham, Deptford (Ms Ruddock). As *The Economist* said:

"Scraps of the government's welfare programme are scattered everywhere".

I offer my condolences to the Secretary of State. The scraps are scattered, but not at her table. What influence will she have on the future of the tax and benefits systems? That is a big question. For years, she has told the House how in-work benefits, in particular family credit, are a subsidy for bad employers. However, after the election, Mr. Taylor—who has been appointed to think the unthinkable—declared that he is very interested in in-work benefits, and we have been told:

"Specifically, he says, he expects to consider the US earned-income tax credits."

Those do not seem to be the Secretary of State's cup of tea, but she may have to like them now, because that seems to be the formula.

Every Budget has losers. We know that there are losers outside the House, including pension funds, pensioners and the general public. Inside the House, we have another loser, and, sadly, it is the Secretary of State. Perhaps the most important climb-down of them all is tucked away on the last page of her press release, in a little anodyne paragraph. In case the Secretary of State missed it herself, I shall quote it:

"Withdrawal of entitlement to Lone Parent Family Premium in Income Support for new claimants will take effect in April 1998. Withdrawal of the lone parent rate of Child Benefit is . . . now expected to come into effect from June 1998."

That climb-down signifies that the Secretary of State has lost the battle with the Chancellor and the Minister for Welfare Reform. He has said:

"Tax and benefit policy was squeezed to help single parents so that single parents gained more help than two parents. That policy has got to be reversed."

However, when a Conservative Secretary of State did that, the current Secretary of State described it as wrong. She promised not to implement the changes that we budgeted for in the last uprating statement. When she was asked by Polly Toynbee on 22 January 1997 whether she would go through with the changes, she said, "Of course not." What a climb-down.

I shall remind Labour Members what effect the climb-down will have. They may not know, because they may not read the press releases.

The change would have saved £240 million during the lifetime of this Parliament. If we set that against the sum of £200 million that the Chancellor has so graciously given the Department, we find a net saving of £40 million. That is not exactly what Labour Members entered government to do. Perhaps they should ask the Secretary of State to explain herself. Labour Members will have to vote for that change twice more after the Budget, once through primary legislation and again through secondary legislation. They have two more opportunities to question the Secretary of State, and we have two more opportunities to remind them of that wonderful climb-down.

It is becoming more and more obvious that the Secretary of State is in office, but not in charge. For her sake, I am sorry, but it appears that the tigress of the single-issue circuit is becoming the Cabinet trophy on the wall.

10.28 am

Mr. Archy Kirkwood (Roxburgh and Berwickshire): I am pleased to have the opportunity to contribute to this important debate. I fundamentally disagree with the proposition that has just been put from the Opposition Front Bench that it is wrong to spread the changes in social security policy throughout other Departments—quite the reverse.

For the first time, we have a Budget that puts anti-poverty measures at the centre of Government policy. That is absolutely right. It is naive and simplistic to expect that simply through the payment of girocheques, the Benefits Agency and the Ministers in charge of it can effect cultural changes right across public policy to the extent that is needed. If that is the approach of the official Opposition, they are looking at matters the wrong way round.

The Budget is a welcome attack on poverty. Considering the number of people in poverty and the obstacles that they face in trying to get out of poverty, it is a relief to see the Government signalling their intent to tackle that problem head on. We shall do everything that we can to support the Government in that. The Budget strategy in that direction is right, but there are short-term problems in other respects.

Although I believe that the long and medium-term strategy is right, I have grave concerns that are informed by const tuency work and which I am sure are shared by other hon. Members on both sides of the House. Education is one of my concerns. Another is long-term care, where we still do not have a proper measure of the increase in demand. That is not a comment on the way in which the previous Government attacked the problem. None of us anticipated the increase in demand for long-term care. I am sorry that the Government have not found the capacity to begin to deal with the problem in the immediate future, because it demands our attention.

Mental health is another area in which there will be serious difficulties over the next 12 months. The financial settlement for local government over the next year will create tremendous tensions. Although I welcome the general stance and the long-term strategic approach of the Budget, not enough attention has been paid to the short-term problems that we shall all face in our constituencies.

Mr. Bernard Jenkin (North Essex): I invite the hon. Gentleman to reflect on the fact that the changes in the arrangements for advance corporation tax will affect the pension funds of local authorities. His local authority may have to find additional sums to put into its pension fund. Does he think that central Government should compensate local authorities for that additional expenditure?

Mr. Kirkwood: The hon. Gentleman anticipates what I shall say later. I entirely agree that local authorities should be compensated. Moreover, as a trustee—the only surviving trustee who is not a Minister—of the Members' pension fund, I must tell hon. Members the bad news that their occupational funds will also be affected. That will mean £180 off your pension fund, Mr. Deputy Speaker, as well as everyone else's. We should not gloss over the matter—we all have a direct interest in it.

The Labour Government face a tax conundrum of their own making. It was very clever of them to say before the election that they would stay within the constraints set by

the previous Government, and that they were setting their face against headline increases in income tax. They are now boxed in a corner. It was a mistake, which I regret. They are forced into a corner by their timidity on tax. If they cling to that pre-election line, it will create numerous difficulties. There is no such thing as gain without pain. No Government can magically deliver lower taxes and better services at the same time. One cannot have one's cake and eat it. The Budget shows that proposition for the nonsense that it is.

On the revenue-raising aspect of the Budget as it affects social security, the Government's intention to embark on a welfare-to-work scheme is laudable, but using the windfall tax as one of the means of funding it is highly questionable. My right hon. Friend the Member for Yeovil (Mr. Ashdown) put on record the criticisms of the windfall tax, and did so extremely effectively. It is bogus to suggest that the windfall tax is a harmless, victimless way to raise £5 billion for jobs and training and to produce a subsidy for the young unemployed and for single parents. That will become evident in the weeks and months ahead.

There is an air of unreality about the Government's position that the windfall tax is just an attack on fat cats. I have listened to the Secretary of State for Social Security and Minister for Women on the matter before, and of course she is right that some of the increases enjoyed by the captains of industry over the past few years are indefensible. However, as surely as night follows day, the tax will hit shareholders, employees and customers as well as the fat cats. Others are in the firing line of the Government's plans.

When we speak of shareholders, we do not mean those who were lucky enough to enjoy a windfall in the past. We are talking about those who were unlucky enough to be holding the parcel this year, when the music suddenly stopped.

The tax poses a threat to the investment for which the Chancellor of the Exchequer argued so strongly. Hon. Members must understand that the mending of broken pipes, the reduction of leaks, the cleaning up of our beaches and the updating of our transport infrastructure will all suffer as a result of the windfall levy. It says much about the contradictions in the Chancellor's thinking that such an anti-investment measure forms the centrepiece of the investment Budget that he purports to have introduced.

I shall comment briefly on the sleight of hand involved in raiding pension funds to pay for some of the Government's proposals. The windfall tax will have an indirect impact on pensioners, because a considerable part of their pension contributions is invested in utility companies. The £5 billion taken out of the corporate sector in the pension field is even more difficult to justify.

Over the years that I have enjoyed discussing such matters with the Minister for Welfare Reform, he has persuaded me that pension funds must be protected from Government raids. One of his main propositions has been that we must create a system that gives people confidence. In the past, Governments have engaged in sleight of hand and found ways of taking money out of the pension system, thus destroying people's trust and willingness to commit savings for the future, as we are trying to encourage them to do.

What happens in the first Budget? Nine or 10 weeks into a Labour Government of which the right hon. Gentleman is, rightly, a prominent member, £5 billion is taken out of the nation's back pocket by sleight of hand. The sum of £5 billion is not small beer. I do not know how the right hon. Gentleman squares his conscience, in the light of the trust necessary to maintain pension funds. I said that I support the Government in their plans for using the money, but not the way in which they have chosen to raise it. I shall be interested to hear the right hon. Gentleman's explanation.

The House will return to debate the matter next week. I shall listen to the arguments and, if I catch Madam Speaker's eye, I shall make a further contribution. I am gravely worried about the change in the dividend tax credits and the pension fund industry. As the proposals unfold, they will become even more difficult to sustain.

I fully support the proposals to replace welfare with work and I look forward to working with the Secretary of State. It is refreshing to have the opportunity to talk easily with Ministers and to be invited to come in and share thoughts with them. That offer was never extended to us in the past. *[Interruption.]* If that is an offer of a cup of tea from the hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), I shall not refuse it.

The Government's plans to help the young unemployed and single parents off benefit are ambitious in their scope. We support those objectives, but have reservations about the practicalities and structures. I remain to be persuaded, first, about compulsion. If a scheme is conscriptive—if young people are put in an armlock and marched off to training opportunities or jobs—it will be difficult to persuade employers that they are worth taking on. If we cannot persuade employers to commit, psychologically and politically, to the scheme, it will not work. The scheme will not work if employers are asked to take on young people who are reluctant to participate in it.

My second main concern is the scheme's effect on the dependants of the long-term unemployed who may suffer a penalty. I can see the attraction of the carrot-and-stick approach; many people will say that that is a fair method. However, I am very nervous about it and I hope that it will not diminish the overall value of the scheme.

Mr. Field: I am grateful to my hon. Friend for giving way. I remind him that we last heard from the Liberal Benches the argument about freedom or conscription in 1916. Some claimed then that people would not fight at the front if conscription was introduced. Lloyd George won that argument, and we won the war.

Mr. Kirkwood: I shall think about that proposition—meanwhile, let the argument continue. I hear what the right hon. Gentleman says, but I have tabled my concerns. I am glad that the Secretary of State is prepared at least to look at the scheme in detail as it evolves. I ask only that that question be considered further.

Mr. Bernard Jenkin: Perhaps the hon. Gentleman should now ask who are the lions and who are the donkeys.

Mr. Kirkwood: I did not do O-level history at secondary school, so this discussion is way above my pay grade. I shall return to social security, as I purport to know something about that. However, I am reminded that General Haig was a leader at that time.

[Mr. Kirkwood]

I have put my concerns on the record, and now I want to make some positive suggestions. The American experience in this area is pretty mixed—I know that the hon. Gentleman has studied all experiences in detail. In the early start pilot programme, which was conducted in areas of high unemployment, the Americans adopted a focused and individualistic approach. It deserves careful study. I believe that the Government's proposed programme, comprising four or five different options, is a little restrictive. I hope that it can become more flexible, so that schemes may be tailored to individuals. People who come for interviews—which I agree are important—should be categorised as potentially temporarily unemployed rather than potentially long-term unemployed. Different approaches should be taken in different circumstances.

Perhaps the Government should adopt different approaches in inner-city and rural areas. In urban areas, there is often a dearth of jobs. The number of unemployed in our inner cities and the problems that they face are different from those in rural areas. I shall have to address the problem of distance when the scheme is implemented in my constituency: the people who need assistance may live 15 or 20 miles away from a prospective job, with no public transport. Some people may be unable to take up training opportunities or jobs because the positions are too far away and there is no public transport. Is that a reasonable excuse—if that is the right word to use? Will such people incur penalties for non-compliance?

Different circumstances obtain for those who are trying to climb back on to the employment ladder. I should be happier if, instead of applying a flat formula across the United Kingdom—I accept that a degree of simplicity is necessary in order to administer the scheme efficiently—the Government introduced some flexibility and examined individual problems and the different circumstances that apply in inner-city and rural contexts. That would build confidence that the Government were dealing with the issues sensitively and constructively.

I am not persuaded that the amount allocated—I share the scepticism about the £200 million, £210 million or £190 million; I hope that it will be £210 million, although I do not think that that is enough—will be sufficient over five years. I urge the Secretary of State to monitor the workings of the schemes. If she believes that they are suffering as a result of a lack of funding, I hope that she will go into battle in future public expenditure rounds and secure more money. If she does that, she will certainly have our support.

10.45 am

Mr. Stephen Hepburn (Jarrow): I welcome this welfare-to-work Budget, which places responsibilities on three specific areas: employers, individuals and the Government. The Government have taken the initiative in launching our welfare-to-work programme. With that in mind, I wish to raise two issues affecting my constituency: the future of the Benefits Agency in Jarrow and the future of the appeals venue in south Tyneside, which is very important to local people.

There is high dependency on benefit in my constituency—which is not the fault of this Government—a high incidence of disability and high unemployment. The people of Jarrow require the services of the Benefits Agency office. I have been informed that files have been removed from there and moved to a Sunderland office and that Benefit Agency officers are becoming increasingly reluctant to conduct home visits.

The appeals venue is extremely important to Jarrow and to south Tyneside. The area has a history of heavy industry, and many employees have suffered injuries at work and have disability problems. Those people must have ready access to an appeals venue. I ask the Minister to consider those issues and to provide an early response.

I congratulate the Chancellor on what the newspapers have described as a "people's Budget". I would go one step further and describe it as an ordinary people's Budget. It addresses the ordinary issues that affect the ordinary people whom we meet every day in our constituencies—the old, young, disabled and the unemployed. Those ordinary people have real interests in ordinary issues, such as jobs, education and health. I am pleased that the Budget will begin to address those matters.

The Labour party fought the general election on the issues of jobs, education and health, and we won an overwhelming mandate from the people to implement the policies that we outlined in our manifesto. I cannot understand why certain sectors of the community and certain individuals who should know better have criticised the Budget. We cannot solve overnight all the problems that have been caused over 18 years. This Budget is only the start. People should act responsibly and give the Government a little support. Ministers should not pretend that they will solve all the problems overnight. We should answer any criticisms by stating that, although it will take a long time to address the issues, at least we are moving in the right direction.

The Budget introduces job-creating measures for young people, who have been ignored for too long. I see youngsters in Jarrow hanging around on street corners: they have no hope and nothing to do. We hope to address their problems at the end of the day. I welcome the Government's renewed commitment to job creation—which is a radical change from the policy that prevailed for 18 years. As I said in my maiden speech, Jarrow has one of the highest levels of unemployment in the country, and youth unemployment is a particular problem. I know, of course, that it is a problem throughout the country.

Let us make no bones about it: the windfall tax is right. I am surprised that the hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) says that it is wrong. In the past, he has expressed some sound views on benefits. I have listened to his views over the years on welfare issues and have respected them.

Before I came to the House, I was the chair of a superannuation or pension fund—it was a £1 billion fund—for about six or seven years. The issue of a windfall tax was well and truly dealt with by fund managers in the City. They said that there would be no problem with a one-off windfall tax. I would assume that the fund received good advice. It was a substantial fund, and it paid for good advice. At the end of the day, fund managers rely on success in the City and on the stock market if they are to keep their jobs.

It is right that there should be a one-off sum of £5 billion. It will be used to help deal with the problems of ordinary people. It must be understood that people were

outraged by privatisations. Ordinary people knew that they were rip-offs. That is a fact that could not be hidden from ordinary folk. They became furious when they learnt of the salaries that directors were drawing following privatisations, along with share options. The one-off £5 billion is a victory for the ordinary person, whom we claim to represent. It is just retribution for what went on in the past. It is right that the money should be used to help deal with the problems of the unemployed.

What sort of people will be helped by the £5 billion? In Jarrow, over 500 young people under the age of 25 have been on benefits for more than six months. That is an indictment on the previous Government. Young people have been cast aside and they have had to live in the absence of hope. The Government are now addressing the problem.

If an individual shows us no respect, we in turn will have no respect for him. That applies to young people. If society shows young people no respect, young people will show no respect in return. We are seeing a breakdown in the social order—it has taken the form of riots in various places, but thankfully not in my constituency—because respect has not been shown. Society has not shown respect and no respect has been shown by those on the receiving end.

I urge employers to take part in the welfare-to-work programme. They have a major role to play. I hope that they will accept their responsibilities towards young people and work with the Government to bring about employment opportunities.

I hope that I shall be forgiven for plugging my constituency, but if any company wants to expand or relocate, it should be aware that Jarrow is a real place that has a real asset in its young people. I say that sincerely. Jarrow has some of the highest unemployment figures in the country, but there has not been the social breakdown that has afflicted other areas, where there have been riots. That is because there is a community spirit in Jarrow, which goes back many years. Community spirit has produced built-in discipline. There is the great institution of the family, and the family keep young people in control. Sadly, that social cohesion has been strained over the years because of unemployment. I hope that we can do something for the young people of Jarrow.

I make no apology for making a plea for young people, whose views are not often taken into account. It would do some right hon. and hon. Members a great deal of good to listen to the views of young people and to talk to them. In spite of the hardship that they have faced over the years, they are an extremely tolerant bunch of people. I hope that I have taken on board the tolerance that they have shown over the years. We can learn something from them and, I hope, deliver some programmes for them.

The Budget demonstrates a commitment to young people and a change of direction towards a more tolerant society. That can be only for the good. There must be tolerance towards minorities and women, for example. We must be tolerant also of single parents. There are more than 2,000 single parents in my constituency, and for too long they and others have been treated as second-class citizens. I am talking of decent people. All they want is a chance in life and a decent life for their families. It is our job to try to do something for them.

For too long, there has been the myth that young girls become pregnant so that they might have the privilege of getting a council house. That is nonsense. It is said that young girls get pregnant so that they can get a few extra bob in benefit every week. That is absolute nonsense. It is about time that we moved away from that philosophy and tried to help single parents achieve their aspirations.

I am pleased that we shall be offering advice, training and child care to enable young parents to leave their homes and gain employment. In many instances, their homes are cells because they are stuck in them throughout the day and night with young children. They need some relief along with financial independence, so that they might live their lives with some dignity.

I thank the House for listening to me, especially to my views on Jarrow. I am sure that what I have said about my constituency could be said of many other constituencies throughout the country. I am sure also that everyone in the House has the same aim of trying to do something for our young people. There will, of course, be different views on how the issue should be approached. I believe that the Labour party has the right policy, as set out in the Budget. I look forward to working with my colleagues on this and future Budgets, so that we might implement our policies.

10.56 am

Miss Julie Kirkbride (Bromsgrove): Thank you, Mr. Deputy Speaker, for giving me the chance to make my maiden speech during the Budget debate. I am struck, as a new Member, by the camaraderie that exists on both sides of the House. I was given a variety of help and advice when it came to making my speech this morning. I have been told that it is likely to be the most memorable speech of my life. I must say to those of my hon. Friends who sit around me that it is unlikely to have that level of resonance, but I shall carry on anyway.

It is a great privilege to be a Member of Parliament. We sit in the Mother of Parliaments, the cradle of democracy, and it is the bulwark of our freedom. I am proud that I have been elected to this place. I hope that this morning, while making my maiden speech, I shall be allowed to wander a little more widely from the mark of the Budget plans and say a few things on a more personal level, which I should like to have on record in *Hansard*.

I wish to say a few thank yous, and the first are to my teachers. I was brought up in Halifax and went to the Highland school there, which is now called the North Halifax high school. It is a grammar school, and a first-class school. It does absolute wonders for the children who go there, many of whom are from very ordinary backgrounds, and some of whom come from what might be described as underprivileged backgrounds. As I say, the school does wonders with these children. It teaches them to believe in themselves and to improve themselves academically and socially.

I was lucky enough to go to the school, as were a variety of other children. To be slightly party political, the fact that not everyone can go to the school is not a good reason for getting rid of it. There were a couple of teachers at the school whom I should like to put on record as having been important influences on my life. The deputy headmaster, Mr. Stephen O'Brien, very much helped me in getting my place at Cambridge university, which I believe made a difference to my life and perhaps allowed me to be here today. My history teacher was Mrs. Alice Chapman, who gave me extra tuition so that I could pass my common entrance. I suspect that she would

[Miss Julie Kirkbride]

not necessarily approve of my being a Conservative Member. I hope, however, that she will be proud that one of her pupils has arrived in the House. She took great pleasure in teaching me the traditions of this place.

I should also like to thank my family and friends for their love and support. Two years ago, when I told my family that I wanted to be a Member of Parliament, they said that I must be mad. I do not think that they have changed their opinion, but I dare say that they are getting used to it.

The third group of people whom I should like to thank are my constituents, who placed great trust in me on 1 May and sent me to the House as their Conservative Member of Parliament, for which I am grateful. I hope that their trust and faith in me will not be diminished by my performance in the House, and I am pleased that they elected me. I should like to thank in particular my Conservative constituency association, which worked hard to achieve a good result in Bromsgrove. I am particularly grateful to the members of my association for choosing me to be their candidate six months ago, and I do not intend to let them down.

I have some first-class predecessors, to whom I have to live up. Mr. Roy Thomason was my immediate predecessor and a very fine constituency Member of Parliament. When I banged on a variety of doors during the election campaign, I was struck by the spontaneous tributes paid to Mr. Thomason's hard work and effort on his constituents' behalf. I hope that one day—although perhaps not in five years, which is how long he served in the House—I will receive similar, unsolicited plaudits on doorsteps. It was a fine reflection on him, and I am sure that my constituents and hon. Members would like to send him their good wishes for his future career.

Mr. Thomason's predecessor was Sir Hal Miller, who is remembered by many hon. Members. He was a fine constituency Member of Parliament, and I shall have to live up to him also. Nothing was ever too much trouble for Sir Hal, and he has been kind and supportive to me in my efforts to get to know the constituency. He will be remembered by some hon. Members as a vice-chairman of the Conservative party, and as someone who spoke up for the midlands and for midlands manufacturing. He is sorely missed, and I am sure that my constituents and hon. Members would also like to wish him well in his retirement, which he is enjoying.

Since I was elected, some hon. Members have had the temerity to ask me where Bromsgrove is. I am tempted to reply that, if they were to look at a centuries-old map of the Worcestershire area, they would see Bromsgrove emblazoned across it, whereas there would be no mention of our near neighbour Birmingham, which is a more recent invention. But I can tell those hon. Members who still need to know a little more about exactly where Bromsgrove is that it straddles north and south of the M42: it starts in the east where the M40 meets the M42, and finishes in the west where it touches the M5.

Bromsgrove is an old market town, and has some fine traditions. We have an active court-leet, which I do not think other hon. Members can boast of having. Just a few weeks ago, I had the honour of parading through the town centre with the court-leet in all its finery and robes. Despite the pouring rain, it was an enjoyable occasion: it was enjoyed by the people who, like me, were in the procession, and by the people of the town who came out to watch the spectacle. It is a centuries-old tradition, and is great fun.

Bromsgrove is a mixed area. Half the population lives in the town of Bromsgrove and the rest are scattered among beautiful villages where it is lovely to live. There is some farming, but many people work in the service industry or in light industries. Many people show great judgment by choosing to live in Bromsgrove while having their businesses in the black country or working as professional people in the city of Birmingham and elsewhere.

We are something of a mixed bunch, but we share a common agenda: we are proud of our beautiful constituency, we want it to stay beautiful and we want to hang on to our extremely important green belt. We have a wonderful inheritance in the English countryside in our part of the world. We inherited it from our forebears, and we have a duty to pass it on to our children and to our children's children. If we are to do that, we must think carefully about how we proceed into the next century.

There are plans to build 41,300 houses in Worcestershire alone. That is too many: it is almost double the size of the centre of Bromsgrove. Bromsgrove alone must take 7,500 houses, and that is also too many if we are to carry on living in a lovely part of the world. We must challenge the idea that just because many people want to come and live in the countryside, we should build houses for them in the countryside. The time has come to stop doing that

At this point, my remarks become more germane to the Budget, which included proposals on the environment. As a Conservative Member, I do not agree that new houses should be built with public money: they should be built privately. I feel very strongly that they should be built in inner-city and urban areas, which would do much to rejuvenate those areas. We should bear in mind the people for whom we are building those houses. They are not only for people like me—I am 37—who have been single all their lives, and elderly people, who are now living longer, but for people who have something to gain from living in communities where they have access to shops and other facilities and can be less reliant on their cars.

The Chancellor referred to green taxes, which potentially have some merit. If we levy green taxes, that money must be put back into the environment and become hypothecated taxes. Brown land in our inner cities should be redeveloped, so that housing can be built to the greater and wider benefit of all of us who want to enjoy both living in cities and having access to our countryside.

If the House would be indulgent a little longer, I should like to raise a green-belt issue that is specific to my constituency. A recreation ground in the centre of Bromsgrove has a charter that was placed on it by King John 800 years ago. It is used by visiting cricket and football teams, who play local people in Bromsgrove. Sadly, my local Labour council want to build an arts and leisure centre on that site. I am opposed to that, as I believe are the people of Bromsgrove. I appeal to the council to stop this act of vandalism, because it is wholly wrong. I am happy for the council to build an arts and leisure centre somewhere else, but not on the recreation ground.

If the local council will not listen to me, perhaps it will listen to the Government. Only this week, I received a letter from the Minister for Sport saying that he was opposed to building on the recreation ground. I hope that the council pays more attention to the Minister than it does to the local Member of Parliament.

I also appeal to my local council to stop the declassification of the village of Alvechurch from the green belt. A district inspector has been considering where the 7,500 houses that are due to be built in my constituency should be built. The inspector has suggested that they might be put in the villages of Hagley—I disapprove of that suggestion—and Wythall. Those are sensitive and pretty, villagey areas, which should be freed of the blight of further housing.

I object particularly to the plans to declassify the village of Alvechurch from the green belt, as it lies in a sensitive area between the Birmingham metropolis and the new town of Redditch. It is an area of land that should remain in the green belt. Declassification would be the thin end of the wedge and a dangerous thing to do. When the matter comes before the local council at a full council meeting, I appeal to the council to reject the district inspector's proposal.

My colleagues on the Conservative Front Bench asked me to say a few words this morning about social security, although I warned them that I wanted to deal with other issues in my maiden speech. It is a little difficult, because a maiden speech should not be controversial. Although the Secretary of State for Social Security and Minister for Women has left her seat, I can say of her social security Budget proposals that I applaud her decision to maintain the previous Government's policy of axing the extra amount of benefit available to single parents. It is right that we stop one-parent benefit and lone-parent premium, which give extra money to single parents—money that is not available to parents who are married and living on benefit. I applaud the decision to keep that proposal, which was made by the Conservative Government, although I do not envy her task when dealing with primary and secondary legislation, when she will have to take her colleagues through the Lobby on a proposal that she originally opposed and that I suspect many of them still do.

11.11 am

Mr. Ben Bradshaw (Exeter): I congratulate the hon. Member for Bromsgrove (Miss Kirkbride) on her excellent maiden speech. Speaking for so long without notes is a great achievement and I want that to go on record, as she was far too bashful to do so herself. I will not try to emulate that record. We share a common profession, and perhaps that is a sign that my background is in radio, where one would never go into a studio and try to speak for more than 20 seconds without a script—I shall be more or less following one this morning.

The hon. Lady spoke a great deal of sense on many issues. I have not had the pleasure of visiting Bromsgrove, but it sounds delightful. I am sorry about the trouble that she is having with the new recreation centre. She said a lot of good things about green taxes, with which I am sure all hon. Members would concur.

Many new Members are hoping to speak this morning and, as I have experienced being squeezed out, my speech will be scripted but brief. I have the great honour and privilege of representing the people of Exeter here at Westminster—a privilege that has been enjoyed, sadly, only once by a Labour Member, who is now my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody). For the past 27 years, Exeter was served by a one-nation Conservative of the finest sort, Sir John Hannam. He was a conscientious constituency Member and contributed a great deal to a number of areas of our public life. As hon. Members will be aware, he worked particularly hard in the area of disability, for which I am sure that we would all want to pay him a warm tribute. Sir John was no less active within his party and was, until his retirement, secretary of the 1922 Committee—a somewhat less onerous task now, I fear.

I have another rather more personal reason to be grateful to Sir John. He played no part in—indeed, he was completely absent from—the campaign of my Conservative opponent in the recent general election. I wish Sir John and his wife Vanessa a long and happy retirement on the Isle of Wight.

Exeter, as I am sure you were aware, Mr. Deputy Speaker, is one of Britain's finest cathedral cities. At the risk of being controversial, it is also the county town of England's most beautiful county, Devon. Despite the worst efforts of the Victorians, the Luftwaffe and post-war planners, Exeter remains one of the most attractive cities in Britain in which to live. We have a popular city centre, a large and successful university and a very high number of sunshine hours—second, I believe, only to Eastbourne.

Taken together, Exeter's many assets mean that we usually come top or near the top of those regular quality-of-life surveys. We are also blessed—unlike the hon. Member for Bromsgrove, by the sound of it—with a model Labour council, which has just kept its council tax pegged to a zero increase for the third year running.

Despite Exeter's many perfections, we share with other towns and cities throughout the country some of the social and economic problems that make the quality of life for those who suffer them anything but perfect. This Budget is an important first step towards combating those problems. The release of capital receipts to spend on social housing will be welcomed by the more than 1,600 families in my constituency who are on Exeter city council's housing waiting list.

The allocation of £2.3 billion extra for schools will be welcomed by Exeter parents, who are fed up with their children being taught in dilapidated classrooms, without the books and resources that they need and facing cuts in teaching staff. The extra money will give new hope to parents in areas such as Topsham, who have been waiting for two generations for a new school. Together with the fulfilment of our pledge to cut class sizes, that will make a real difference to the education of our children.

My local health authority, North and East Devon, is one of the many that are in financial crisis. It is proposing severe cuts in front-line services, particularly those for people with learning disabilities. The £1.2 billion extra pledged for the health service should at least help to ease that crisis.

Hundreds of my younger constituents—many of whom have not had a proper job or training since leaving school—will benefit from the welfare-to-work programme. Single parents who are caught in the poverty trap, as we heard, will have the chance to get back into the labour market.

[Mr. Ben Bradshaw]

Exeter businesses remember well the boom and bust of the 1980s and early 1990s. They welcome the long-termism enshrined in this Budget. They are grateful that under a Labour Government they will be paying the lowest corporation tax of any of our major competitors.

My constituents, along with most economists, the Confederation of British Industry and others, recognise that, at this stage of the economic cycle, revenue-raising measures are essential if we are to avoid the busts of the Conservative years.

Given the Government's commitment to the environment and to improving the nation's health, higher levies on petrol and tobacco are both fair and sensible. My constituents, who suffer the pollution and congestion caused by the large number of private cars carrying commuters into Exeter every day, might have welcomed more green measures, but they will be reassured by the Chancellor's pledge to consider those further before the next Budget.

Exeter drinkers, who are celebrating my city's excellent annual festival, will be toasting the Chancellor for avoiding slapping extra duty on alcohol. They and my superb local cider and real ale producers will await the outcome of his review of alcohol duties with great expectation.

Householders, particularly pensioners and others on fixed incomes, will welcome our fulfilment of the election pledge to cut value added tax on fuel and my gas users will look forward to substantial falls in their bills, thanks to the abolition of the gas levy.

No one, not least my constituents, likes to feel that he or she is living on the backs of his or her children or grandchildren. The last Government's public sector borrowing requirement was unacceptably high for this stage of the economic cycle. On top of everything else that the Chancellor achieved in this Budget, he will have slashed the public sector borrowing requirement from £23 billion in the last financial year to £5.4 billion in the next. That is a tremendous achievement.

I feel privileged to have spoken on this historic Budget, which even *The Daily Telegraph* struggled to criticise and which has been misconstrued by some people as too careful, even conservative, when in fact it is deeply radical. It is radical because it releases Britain from its short-termist past and sets us on course for stable and long-term prosperity, from which all our citizens will benefit. I therefore commend the Budget to the House.

11.19 am

Mr. Julian Brazier (Canterbury): I congratulate the hon. Member for Exeter (Mr. Bradshaw) on his fluent maiden speech and join him in the generous tributes that he paid both to his predecessor and to the excellent speech of my hon. Friend the Member for Bromsgrove (Miss Kirkbride). I must chide him for introducing a controversial note into his speech. I know Devon to be a most attractive county, but Kent is the garden of England. Over the next few years, he and I will, I suspect, exchange some political blows on matters on which we have already corresponded, but I take this opportunity to welcome him on a personal level to the House.

The Minister for Welfare Reform has clearly set out the agenda in relation to his benefit system review. His aim is to reward hard work, honesty and responsible behaviour. Those are aims that I know he honestly holds, and I suspect that most hon. Members support him. During the term of the previous Government, from time to time, in writings and in speeches, I supported some of the specific issues that he raised, sometimes against the actions of that Government. That makes it all the sadder to say that I firmly believe that his programme will fail, and for reasons that are grounded in three different strands of Government policy: tax policy, housing policy and the wider benefit system.

First, we must be clear what it is we are addressing when we talk about the growth in dependency. Opening the debate, the Secretary of State for Social Security made a point that has often been repeated by Labour Members: that one household in five in Britain do not have a breadwinner. That is not a record of which I am proud. As someone who is very proud of most of the previous Government's record, I believe that that was our greatest single failing.

However, we have to find out exactly what that statistic means, because it contrasts curiously with another set of statistics, which show that, on internationally agreed measures of unemployment, we have one of the lowest unemployment levels in Europe. Indeed, it has been dropping for a long time.

The solution to that contrast lies in two words: family breakdown. I am not referring here to any global generalisation about single parents. I am not talking about widows—my grandfather was brought up from babyhood by his widowed mother—or about divorce. I am talking about the rapid growth in one category of single-parent families—those headed by a single woman who has never been married and who depends on the state from the arrival of the first baby. Two thirds of all families that fall into that category are now wholly or mainly dependent on the state.

I suggest, therefore, a benchmark for the review that the Minister for Welfare Reform is carrying out throughout the social security system, excluding the pensioner sector, where the issues are different. The benchmark is this: will each measure in each area of policy tend, among low-income groups—those groups at the margin—to promote or to retard the breakdown of the traditional family?

Of the three strands, I want to consider taxation policy first. I was one of the few Conservative Members to chide the previous Government for increasing taxation on the working poor, particularly the cuts in the married couple's allowance, which we had steadily expanded during the years of the Thatcher Government, but which, over the past five or six years, we steadily eroded, resulting in a heavy penalty on poorer working families. Hence, after the outcry from Labour Members on that issue, I find it particularly disappointing that the Chancellor of the Exchequer has done nothing in the Budget on the taxation side for those families.

A vague generalisation about introducing a 10 per cent. starting rate of income tax when funds allow does nothing now for those poorer working families, who are supporting themselves, struggling to be self-reliant and paying too much tax. The 10 per cent. tax rate is a gimmick, anyway. It would be far more efficient—not least in relation to administrative costs—simply to raise basic tax allowances, to get people out of the tax system and to stop the nonsense of people paying tax and receiving means-tested benefits at the same time.

I also want us to return to a system of child tax allowances, side by side with child benefit—most continental countries have both—and to introduce the programme for transferable allowances, for which the Conservative Family Campaign fought for a decade, and which was adopted in the Conservative manifesto.

The second side of the triangle is housing policy. This is the worst aspect. There are two dimensions to it: allocation, and the way in which the housing benefit system works. Housing allocation is critical.

Let us be realistic. As we consider the other two sides of the triangle, we are continually in the business of trying to pick up the pieces and identifying how to get people at the margins back into work and so on. However, the main reason—I disagree strongly with an hon. Member who spoke earlier—that the problem arose in the first place lies in the allocation of housing. It is no good people saying that it is cynical to believe that women become pregnant to achieve the allocation of a council house. The reality is that, for families on low income, the greatest single economic watershed in their lives is the allocation of a house.

Let us take a simple, notional example, which is repeated throughout the country thousands of times every year. Two young ladies of exactly the same age and socio-economic background become pregnant. One either decides to marry her boy friend or is already married to him, and is offered accommodation at home by one or the other set of parents. The other young lady decides to strike out on her own, perhaps simply having agreed with her parents that they write out a slip to say that they are evicting her, which she takes to the council's housing office.

Under the workings of the old Housing (Homeless Persons) Act 1977, which we finally repealed only last year, that second young woman takes priority, perhaps for several years, not just for a place to stay, but for permanent accommodation—usually the most valuable capital asset she will ever control—over the other lady, who is part of a couple trying to set up an ordinary traditional family and who might have to wait years on a housing list. To return to those legal arrangements, as this Government are committed to do, will undo much that people such as the Minister for Welfare Reform wish to achieve.

The other side of housing policy is the way in which the housing benefit system works. This is one of the most complicated benefits in the whole system. I do not want to go into a lot of detail, except to say that, by focusing a higher proportion of the resources within the existing budget on what she calls the most needy, the Secretary of State will only sharpen the taper. The people who will lose are those at the top of the taper, who are nearest to breaking out of the poverty trap. Through housing allocation, more people will enter the trap, and through housing benefit it will become harder for people to break out of it.

The third side of the triangle is the workings of the wider benefit system. I remind the House of those criteria stated by the Minister: honesty, encouragement of thrift and responsible behaviour. I look with despair at the proposed benefit changes as they affect families. I shall focus on what has been said on child care.

We have before us two important proposals—or allegedly important: to expand the benefit disregard from £60 to £100, and to create 50,000 child care trainees as part of a national child care strategy.

I worked for some years for a Swedish company and saw the way in which Sweden moved from being the world's most prosperous country in the post-war years to destroying its family structure and a large part of its business structure. That was caused by a series of social mistakes, of which the worst was Sweden's approach to child care.

Sweden had exactly the same elements in place as those towards which the Government are moving—an emphasis on so-called higher standards, which in practice means more expense, and encouragement through the tax and benefits system for more and more people to go for child care. Those factors inflated demand. Sweden also provided state training for people who wished to enter child care, and state places were provided.

By the mid-1980s, Sweden had reached the absurd state where the highest single aspect of municipal budgets was for child care. However, the municipalities were picking up only 45 per cent. of the bill. The Government paid another 45 per cent., and there was a payment by families.

By the time the system reached its peak, the all-in cost of a place in a pre-school creche had reached 60 per cent. of the Swedish average wage. No wonder the country was able to provide places for only one third of its pre-school children. The whole system came unstuck. That is the sort of nonsense upon which the Government are setting their sights.

On a point of detail, it is wrong to believe that an increase in the disregard from £60 to £100 will help one-parent families on the margin. It can benefit only better-off people, and many of those who pay taxes to support the system are struggling, traditional families on low incomes.

I end by repeating my opening comments. The Minister for Welfare Reform has a noble aim, which I share. His three criteria are right. However, all three aspects of the policy that most directly impinge on the family and are touched on in the Budget—taxation, housing policies and benefits—will take us away from the right hon. Gentleman's aims. They will increase dependency and promote further family breakdown and an increase in the underclass.

11.32 am

Mr. Ross Cranston (Dudley, North): I congratulate the hon. Member for Bromsgrove (Miss Kirkbride) on her maiden speech. She spoke eloquently, and, as one of the few surviving members of her party in the west midlands, she deserves credit. I also commend my hon. Friend the Member for Exeter (Mr. Bradshaw) for a fluent speech. He fought a difficult and principled campaign, and we welcome him.

In his Budget, the Chancellor emphasised four matters—stability, more investment, more employment and social justice. I shall concentrate on social justice. It is especially appropriate to do that today, because my right hon. Friend the Secretary of State for Social Security opened the debate.

Social justice is at the heart of the Budget, and my right hon. Friend the Secretary of State spoke about the new deal for lone parents such as the job search programme,

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training and education and generous family credit help. I commend all those measures. The wider context of the measures is the welfare-to-work programme, which is central to the social justice that the Budget will deliver. It was a key feature of our manifesto commitment, as was its funding by the windfall tax.

The hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) said that the Budget contained taxation surprises. The windfall tax was no surprise. The hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) also spoke about that. I suggest that we accept the tax, and let the debate move on.

The welfare-to-work programme will bring the long-term unemployed back into active participation in the labour market. That will be good for them and for the economy, and will make the labour market work more efficiently. There must be concern about what is sometimes called churning—or the revolving door, as the hon. Member for Chingford and Woodford Green described it. However, there will be controls to minimise that.

As we have acknowledged, the welfare-to-work programme cannot operate in isolation, and that is why we are changing the benefits system to integrate it with the tax system. That is a top priority. Job subsidies, which have been set out by the Chancellor in the welfare-to-work strategy, have a role to play in getting the unemployed into jobs that would otherwise go to insiders.

It is standard practice to refer to tax concessions and allowances as tax expenditures. The term is intended to emphasise the similarity of tax expenditures to direct Government outlays, and to stress the need to subject both to the same treatment. I am not suggesting that tax expenditures are in any way inferior to direct outlays as a budgetary technique. The choice between the two must be made on a case-by-case basis, and will depend on factors such as transparency, equity, efficiency and the ease of administration.

The tax expenditure approach is especially valuable in several areas, particularly in social justice. I shall give the illustration of mortgage interest tax relief. The Red Book shows that tax expenditure on that relief in 1997-98 will be £2.7 billion, and will go down to £1.9 billion in 1998-99 as a result of the Chancellor's changes. Similarly, the tax relief on premiums for private medical insurance involves tax expenditure of about £110 million in 1996-97. If the relief were not abolished, the cost would rise to £120 million in 1997-98.

Putting such tax expenditure alongside comparable direct outlays brings out the social justice aspect. For example, one could compare the £2.7 billion tax expenditure on mortgage interest tax relief with the expenditures in the Department of the Environment annual report, on housing, which shows an expenditure of only £1.5 billion on direct capital support for housing. Of course, it is somewhat more than that when non-capital expenditure is taken into account. That illustration shows the importance of looking at tax expenditures to bring out the social justice aspect. It supports the Chancellor's action on mortgage interest tax relief.

The reduction of VAT on fuel is another aspect of social justice. The reduction is especially important to many of the older people in my constituency, because fuel poverty is a very serious social problem. On one estimate, the cost to the NHS of treating illness caused by cold and damp living conditions is £1 billion per annum.

A VAT rate of 8 per cent. on domestic fuel was highly regressive, because the average low-income household spends about 10 per cent. of its income on fuel, whereas the average household spends only 5 per cent. Low-income families often could not afford to pay to heat their homes or to have adequate hot water, cooking facilities or lighting. I therefore commend that tax reduction as another important measure in achieving social justice.

The Chancellor's announced action on tax avoidance will be another important dimension in achieving social justice. Specifically, he announced an inquiry into the introduction of a general anti-avoidance provision. I urge him to examine such measures closely. Other countries have anti-avoidance measures in tax legislation, and they work.

The Budget's second great theme, after social justice, was long-term investment and stability. Capital investment is clearly necessary for growth. There has been under-investment in the United Kingdom for too long, and the situation is certainly not getting any better. Manufacturing is especially vital in generating employment in areas such as the one I represent. Manufacturing is vital in winning export earnings, accounting for 60 per cent. of such earnings.

I commend the Chancellor for the various measures that will have a positive effect on manufacturing, such as reducing corporation tax, temporarily allowing doubling of capital allowances for small and medium firms and permitting carrying back of trading losses. The measures will, of course, deal with only one aspect of the problem.

The problem will not be solved overnight, because, in the United Kingdom, it has many historical and cultural dimensions. In the UK, our market for corporate control fosters short-term thinking and planning, and our education system does not provide a highly skilled work force but promotes a mindset that downgrades the prestige of manufacturing compared with finance.

I commend the Government for their various announcements on education reforms, because they are a part of the jigsaw of promoting a vibrant manufacturing economy. I especially welcome the additional payments to education.

The hon. Member for Chingford and Woodford Green mentioned the abolition of tax credits for pension schemes. Our current credits system derives from our imputation system, which some people believe avoids double taxation of dividends—taxed once when in a company's hand and then a second time when shareholders receive them. However, imputation is not sacrosanct. The United States, unlike the United Kingdom, does not have an imputation system.

It is often said that double taxation is inequitable, because companies have to pay tax but partnerships do not. I do not think that that is a strong argument, because the typical form of business is the corporate form. Therefore, the introduction of the partnership comparison is a false one.

Another argument holds that double taxation of dividends discourages dividend distribution. If that were the case, imputation might well be a good thing. I suggest, however, that dividend payments are not determined solely by the tax regime.

Untaxed pension funds have obtained a credit because of the imputation system, and the Chancellor has abolished that credit. As I said, the tax credit is not sacrosanct. As the Chancellor rightly said, many employers have been taking very generous contributions holidays and can afford to cover the gap. Regardless, pensioners on fixed salary schemes are protected, and people contributing to occupational or private pension schemes will still receive generous tax incentives to contribute. The measure, like others, must be seen in the broader context, in which many people do not have occupational or private pension schemes. My right hon. Friend the Minister for Welfare Reform is dealing with that situation.

The Budget also has some important environmental aims, which I commend. Ultimately, I hope that—as my hon. Friend the Member for Exeter said—the Government will carefully consider introducing more green taxes.

I support the Budget, because it will contribute to achieving our objectives of stability, investment and fairness for all. Those are the goals that the Chancellor set on Wednesday.

11.45 am

Mr. Nick Gibb (Bognor Regis and Littlehampton): I congratulate my hon. Friend the Member for Bromsgrove (Miss Kirkbride) on a superb maiden speech. I totally agree with her views on grammar schools, which I believe do more to broaden opportunity than any of the progressive social engineering policies that, unfortunately, are introduced too often in many of our state schools. I congratulate also the hon. Member for Exeter (Mr. Bradshaw) on his maiden speech. I am grateful that he has re-set the precedent for using notes in making maiden speeches.

I am grateful to you, Mr. Deputy Speaker, for calling me in this debate. It was during the debates on the 1974 Budget that my predecessor, Sir Michael Marshall, made his maiden speech. As I have been told on many occasions on doorsteps across Bognor Regis and Littlehampton, Michael Marshall will be a hard act to follow.

A highly conscientious and caring constituency Member of Parliament, Sir Michael was also a keen parliamentarian, eventually serving as the president of the Inter-Parliamentary Union. He was the quintessential renaissance man, having served as Industry Minister in Mrs. Thatcher's Government, when he became an energetic promoter of science and information technology, while maintaining a keen interest in the arts and in cricket. He has written a number of learned tomes on cricket, as well as books on Jack Buchanan and Stanley Holloway.

Bognor Regis, like its former Member of Parliament, is no stranger to the arts and literature. William Blake was a long-term resident of Felpham, a village on the town's outskirts. The green and pleasant land that he evoked is abundantly evident on the West Sussex coast, although one searches in vain for dark satanic mills.

The resorts of Littlehampton and Bognor Regis combine all the unspoilt charm of Victorian seaside towns with the beautiful countryside of the nearby south downs. On average, Bognor Regis has the most sunshine hours in Britain, and its beach is one of only 22 with the coveted blue flag.

Littlehampton, too, is famous for its beaches. Sea bathing began in Littlehampton as early as the 1750s, and it has had a harbour since mediaeval times. Today, Littlehampton—where the River Arun finishes its journey—is home to marinas and to boat builders, including Osborne's, which builds lifeboats for the Royal National Lifeboat Institution.

My constituency has long been a magnet for holidaymakers. G. K. Chesterton praised the strength of Bognor's deckchairs. Sir Robert Peel rested there after the stresses of the repeal of the corn laws. The Leader of the Opposition, now Prime Minister, took time off from the stresses of leading the Labour party and brought his family to that famous Bognor landmark, Butlin's, in 1995.

It would be remiss of me, as the first Member of Parliament for Bognor Regis and Littlehampton, not to draw attention to the visit to Bognor in 1929 by someone even more august and eminent than the Prime Minister. For between February and May of that year the town was honoured by the presence of King George V, who came to convalesce in the fresh, sea air. Whatever the King may or may not have said about the town on his death bed in 1936—the subject of intense academic debate, to which I have no intention of adding—it is thanks to that visit that, from 1929 onwards, the town became known as Bognor Regis, the King's Bognor.

The climate that led King George V's doctors to recommend his going to Bognor has attracted many generations of people to retire to the constituency. Indeed, 36 per cent. of its population today are retired.

The previous Government stood up for the interests of pensioners. That is why the average pensioner today is 60 per cent. better off in real terms than in 1979, not just because the Conservative Government managed to maintain the real value of the basic state pension but because they took steps to assist and encourage the build-up of private pension assets, which now amount to a staggering £650 billion—more than the pension funds of all the European Union countries put together.

The pensioners of Bognor Regis and Littlehampton will find it hard to understand why, rather than taking steps to increase the value of pension fund assets, this Budget will reduce their value. It is not a minor reduction. The Red Book makes it absolutely clear that £4 billion will be raised next year and £5.4 billion the year after from the abolition of the tax credit on dividends. That is the equivalent of confiscating from pension funds and other tax-free funds more than the windfall tax each and every year.

That loss will have to be made up by higher contributions from individuals and companies. Only half of the company pension schemes represented by the National Association of Pension Funds, whose members represent 70 per cent. of all employees in this country, are in surplus. The other half will have to extract higher pension contributions from their employees or from shareholder funds. That will mean that companies will have less money for investment. Many of the funds that are in surplus have been paying discretionary increases in pensions to poorer pensioners. These may well have to stop. Some 5 million people with personal pensions will have to pay higher pension contributions immediately or face a reduced pension.

The change to the dividend tax credits is income tax dressed up as a tax on companies. It is equal to a 2p rise in the rate of income tax. I looked to see what the title

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was of the Inland Revenue press release that introduced that investment-destroying tax change: it is "Tax Changes to Promote Investment by Companies".

A number of foreign companies have invested in Bognor Regis and Littlehampton. That investment has created jobs much more effectively than the Government's welfare-to-work scheme ever can, and it has brought wealth to the constituency. One hardly noticed aspect of the Budget will make such investment less likely in future.

Before the Budget, an overseas investor, say, from the United States, investing in the UK through a wholly owned subsidiary could claim half the tax credit less a withholding of 5 per cent. on dividends paid to the US, which meant that the effective corporation tax rate in the UK for such a corporate investor was only 28 per cent. The Government have now reduced the refund to almost nothing. Even with the reduction in the rate of corporation tax that was announced in the Budget, it is still less advantageous to invest in the UK than it was before the Budget. And the title of the press release is: "Tax Changes to Promote Investment by Companies". Never has an Inland Revenue press release been more inappropriately titled.

The same press release also announced the end of the foreign income dividend scheme. That was introduced by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) to assist UK companies with overseas holdings which had developed a surplus of advance corporation tax that they were unable to offset against their mainstream corporation tax liabilities because the overseas dividends had already been taxed abroad. There is no logic in abolishing that relief. It has no connection with the abolition of the dividend tax credit; it is simply a way of raising further revenue for the Government, and it recreates the problem that the Conservative Government had so imaginatively sought to solve.

The Budget shows that the Labour party's much-vaunted use of focus groups has not taught it to understand or adopt the instincts of the British people, but merely to find the language with which to cover up a tax-raising Budget and a smash and grab raid on the nation's pension funds.

Rather than listening to the instincts of the quiet majority, Labour Members have built up an enemies list: fat cats, pension funds, private health insurance—things that they think that the public dislike. While pretending to tackle the people's priorities, they are attacking the people, particularly pensioners. They are attacking the 62 per cent. of pensioners whose occupational pensions will be devalued by the tax credit reforms. They are attacking the 600,000 pensioners who have taken out private health insurance, at least one third of whom, independent estimates suggest, will terminate their policies and rely instead on the national health service, presenting the state with additional costs far exceeding the £115 million raised by abolishing the relief. They are attacking pensioners who pay electricity and gas bills, whose bills will rise or fall less steeply as a result of the windfall tax; attacking non-tax-paying pensioners who have a few shares and will no longer be able to claim back the tax credit on those dividends. All of that is taxation on the sly. While declaring war on a list of enemies, the Labour Government are in fact picking the pockets of us all, and of pensioners in particular.

The Government have introduced a complex welfare-to-work programme, but every major economic decision that has been taken by the Government in their eight weeks in office will destroy jobs: the minimum wage, the social chapter, higher than necessary interest rates as a result of abrogating to the Bank of England the Chancellor's responsibility for setting rates, abolishing the dividend tax credit and, of course, the windfall tax. The Chancellor's revised assumptions, set out in the National Audit Office report published on 19 June, constitute a confession that under his stewardship the economy will have lower growth, higher unemployment and higher interest rates.

I was disappointed not to hear anything in the Budget statement about the tax simplification project begun by my right hon. and learned Friend the Member for Rushcliffe. All that the new Chancellor has managed to do is to create further complexity in the tax system. If someone saves in a personal equity plan, he receives a tax credit; if he saves in a pension, he does not. If he holds shares directly and is a taxpayer, he receives a tax credit; if he holds shares directly but is not a taxpayer, he does not receive a tax credit.

The Chancellor eventually intends to introduce another rate of income tax. He has announced his intention to reform capital gains tax. Worst of all, he has announced that he might introduce a general anti-avoidance provision, which would give rise to huge uncertainty in the tax law. It would require pre-transaction rulings, it would give too much power to the Inland Revenue, it would hamper corporate activity and it would cause a surge in litigation as taxpayers sought to have the law clarified by the courts.

The Budget is a disappointment. The Chancellor inherited an economy which is the envy of the world and which the British people trusted him to manage. With this unnecessary Budget—which seeks to increase investment, but will reduce it, and which seeks to increase the number of jobs, but will cost jobs—he has failed to live up to the high hopes of so many millions of people who voted Labour, many for the first time, on 1 May. It is a bad Budget, it is not the Budget for which the British people voted and it is one that Labour Members will come to regret.

12.2 pm

Mr. Barry Gardiner (Brent, North): I am grateful to you, Mr. Deputy Speaker, for allowing me to make my maiden speech today. I stand before you as the Labour Member for Brent, North. I shall say that again: I stand before you as the Labour Member for Brent, North. The a priori intrinsic probability that I should be here in that capacity is akin to two Brits making it to the quarter-finals at Wimbledon—but then, of course, that has happened. It is perhaps akin to the British rugby team winning a test series in South Africa—but then, that has been done. Perhaps it is as probable as an English cricket team bowling out the Australians before lunch—that, too, has happened. Is nothing impossible under a Blair Government?

Sport is not just about winners and losers; it is about honourable opponents taking part in competition with one another. I certainly could not describe my predecessor in

Brent, North as a loser. He was an extremely honourable Member of Parliament and he achieved national renown, not only as a celebrity figure on television and in the media, but because he attained high office in the House as a Minister of State, Northern Ireland Office and, most notoriously, in the Department of Education and Science.

Above all, my predecessor was a hugely popular and respected constituency Member of Parliament. Over the past two years, as I knocked on doors in Brent, North, not a single person failed to tell me what a difficult task I had ahead of me. There was not one person who did not say that Sir Rhodes was regarded not just as a fine Member of Parliament, but as a family friend. Thankfully, all those people also confided that they would be voting for me, but that is another matter. I welcome this opportunity to place on record the gratitude and affection that the people of Brent, North feel towards Sir Rhodes after his 23 years' service to them. I hope that I shall be able to emulate his conscientious dedication, not to mention his length of tenure in office.

I must apologise to you, Mr. Deputy Speaker, because I am constrained from honouring another tradition of maiden speeches. At Prayers this morning, we were admonished by Madam Speaker's Chaplain to seek no party advantage in our debates, but to pursue truth and justice. I cannot, therefore, stand before you and proclaim that my constituency has the highest sunshine hours of any in the country, or that it has the highest peaks or the lowest valleys, or that it is the most beautiful constituency within the British Isles. By my reckoning, that last honour has already been claimed by at least 19 of my hon. Friends when making their own maiden speeches. Nevertheless, I thank all of them for providing me, in *Hansard*, with what I imagine must be one of the most comprehensive holiday guides to the British Isles. I shall make full use of it over the next few years.

When individuals look at a Budget, they think, "How will that affect me?" For Members of Parliament, that phrase becomes, "How will that affect my constituents?" and that was, of course, my thought on Wednesday. Brent, North is a part of suburban London that grew out of the successful Empire exhibition at Wembley in the 1930s. It developed world-beating technology, as shown by the fact that, for a time, it hosted the global headquarters of the GEC corporation. The loss of that in the 1980s entailed the loss of hundreds of local jobs and especially of many apprenticeships for young people. The profile of unemployment in Brent, North maps that recent loss of training opportunity: there is only 7 per cent. unemployment among older people, but 21 per cent. among under-25s.

I therefore welcome the welfare-to-work proposals announced by my right hon. Friend the Secretary of State, which will enable young people to get a foothold in the world of work and provide them with the training that they need. I am sure that a solid entry and exit strategy for those placements is in place. I am, however, concerned that there is no clearly articulated mechanism of quality control for the training that young people will receive under those proposals. Let us be clear that the Employment Service will be stretched to administer the placement work load; it therefore cannot act as a guarantor for the quality of the placements. It is little comfort to know that employers will be brought to book if and when they abuse the scheme—they will be spotted and weeded out. It would be better if the quality control were there in the first place and we knew that clear programmes of training were in hand with employers.

Earlier in the debate, mention was made of the element of conscription on to schemes, because young people will not be able to continue receiving benefit without going down one of the four proposed routes. That misses the point: it is not how one arrives on such a scheme that is important—it is what happens when one is there and whether it is worth while. Schooling is carried out by conscription—we all have to attend school—but what matters is the quality of the education that we receive there. What matters will be the quality of training delivered to young people, and that is why I ask for further clarification on exactly how training will be delivered.

My constituency also has an extremely high proportion of pensioners, so I paid special attention to the Budget measures relating to advance corporation tax. I waited for the hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) to leap to the defence of pensioners and was ready to note the points that he would make in their defence. When it came to it, the hon. Gentleman spoke of the concerns, not of pensioners, but of pension fund holders. The Chancellor's measures in that area will not hit existing pensioners—their effect will be on those such as myself, with 25 years or so to go before retirement—but in any case they do not attack a long-established concession that pension funds have traditionally come to enjoy and to depend on.

Those tax credits were given by Norman Lamont as recently as 1993, after heavy lobbying from the City. They distort the process of company management because they encourage short-term consumption in the form of dividend payments, instead of long-term investment. That is why it is absolutely right and consistent that the Government should abolish them, and why it is consistent—although, in my view, absolutely wrong—that the Conservatives, who were the Government of short-term consumption, should oppose the measure.

I return to the pensioners in my constituency: what do they want, and how has the Budget helped them? The reduction of VAT on fuel to the minimum level, 5 per cent., is not just a pledge that the Government have redeemed. It is a signal to pensioners throughout the country that the Government understand and care about some of the most fundamental problems that confront pensioners, such as fuel poverty.

I cannot speak of my constituency and the aspirations of the people I serve without talking of the two hospitals that serve them—Edgware and the Northwick Park and St. Mark's NHS trust. A month before the election, the accident and emergency department at Edgware was closed by the previous Government. I opposed that and fought against it strongly. I had hoped that our new Government could reverse it. Later in April, again before the general election, a much less well-publicised event took place—the preliminary works began for the conversion of the surgical block at Edgware. Without a surgical block, it is medically unsafe to have a full accident and emergency department—that medical back-up is needed.

My anger that that occurred under the previous Government is exceeded only by my determination that the health needs of my constituents, especially of

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pensioners, should be met by the new Government. I have, as Ministers know, possibly to their exasperation, been somewhat focused on that issue since my election. I was delighted when the Minister of State, Department of Health, my hon. Friend the Member for Darlington (Mr. Milburn), agreed to initiate a review of the hospital provision at Edgware. I was especially delighted that the review will include an examination of the alternative provision of emergency care at the other neighbouring hospitals. I shall ensure that, as must be the case, alternative emergency provision is brought up to the highest possible standards, which my constituents rightly expect and deserve. Recently, the Secretary of State for Health was good enough to agree that the Edgware review should be submitted and taken into account as part of the Londonwide review of hospital care. The outcome of that review will be of vital interest to my constituents.

I am delighted that the Chancellor has announced an extra £1.2 billion for the NHS in 1998-99, but I wish to sound one slight note of caution, which I hope will not seem churlish. The other major hospital serving my constituency—Northwick Park and St. Mark's NHS trust—is at present £6 million in debt. The extra £1.2 billion in the next financial year may encourage hospital trusts that are in deficit to run that deficit forward during this financial year. Indeed, it would be surprising if there were no perceptible slackening of the belt in the light of the bounty to come.

However, a warning was contained in the Chancellor's Budget speech, when he referred to the amalgamation of hospital trusts to cut the cost of bureaucracy. Deficits in hospital trusts have resulted not simply from the flawed system of the internal market, but from the poor quality of management. Trusts that do not continue to address the deficits that they face clearly will be subject to the Chancellor's plans for amalgamation to achieve savings on bureaucracy.

One of the other aspects of my constituency is that it experienced the great wave of immigration from east Africa, which enriched this country in the early 1970s. I am proud to say that Brent is the most multicultural borough not just in this country, but anywhere in Europe. The economic stimulus that people from east Africa brought with them to Brent was phenomenal, and they have gone on to set up businesses and corner shops throughout north-west London and the rest of the country. The measures in the Chancellor's Budget to help small and medium-sized enterprises have been a fundamental boost to the people whom I serve, and I welcome those measures whole-heartedly.

Some hon. Members present will be habitual readers of *The Times Educational Supplement*. Usually, it is a great honour for any educational institution if it is portrayed on the cover of the *TES*. Recently, as many hon. Members will know, the *TES* ran a specific article about school lavatories. On the front cover was a quite horrifying picture of outdoor lavatories, to which pupils at a primary school had to walk across playgrounds to use. The lavatories were disgusting, and the paint was peeling. Most of the children at that school—which, sadly, is in my constituency—do not go to the lavatory during an entire day. I can think of nothing more debilitating to a teacher's efforts to teach or to a pupil's efforts to understand and learn than to sit cross-legged and desperate to go to the toilet, but to be unable to do so, for fear of what lies outside. Indeed, on occasion, men have waited in the lavatories. The pupils do not go to the lavatory during the entire school day.

Therefore, the Budget announcement that gave me greatest pleasure was the capital improvement programme in education. That betokens the Government's commitment, not to the sexy topics of computers and glossy classrooms with language training equipment and other high-tech things, but to resolving the most fundamental and degrading problems with which students and teachers in our education system have had to contend in the past 20 years.

On Wednesday, I received a letter from my hon. Friend the Minister for School Standards, confirming the bid by Brent local education authority for support for the school renewal challenge fund for Roe Green infant and junior schools, to put right the lavatories and the disgraceful outdoor classrooms that they have had to endure. That letter fitted beautifully with the Chancellor's achievements in the Budget. The announcement made the Budget an historic one, for me. The Budget shows the Government's commitment to our people, in health, in education and in the care of the elderly. That is why I am proud to support it from the Government Benches.

12.21 pm

Mrs. Eleanor Laing (Epping Forest): I congratulate the hon. Member for Brent, North (Mr. Gardiner) on his maiden speech. Perhaps he could give us some further advice on the odds that we could get for other unusual sporting events in the next few weeks, because I am sure that other hon. Members would find that information useful. At the risk of sounding inappropriately contentious, I must say that I do not agree with all the points that the hon. Gentleman made about the Budget. I congratulate my hon. Friends who made maiden speeches this morning and I am grateful for the opportunity to make my first speech in the House in such an important debate.

I have the honour to represent the constituency of Epping Forest. Like the hon. Member for Brent, North, I do not claim that my constituency is necessarily the most beautiful in the country, although of course I think that it is. However, it is one of the most ancient, and its charm lies in the contrast between its ancient and modern aspects. It is an easy constituency to find on a map because it lies on the line of the Greenwich meridian and because its centre is at the point where the M25 meets the M11. Not many hon. Members are lucky enough to have two busy and noisy motorways dissecting their constituency, although my hon. Friend the Member for Bromsgrove (Miss Kirkbride) noted in her speech that she has three motorways in her constituency.

The fortunes of the towns and villages around the forest have, for centuries, been closely linked with the fortunes of the City of London. The ancient forest itself was taken into the ownership of the Corporation of the City of London, in the early part of the last century, to protect the forest land from development and to provide an accessible area of countryside for the recreation of the working people of London. I am glad to report that that was a suecessful strategy. The working people of London now prefer to travel further afield for their recreation, but Epping forest has been well preserved and contains some of the best examples of ancient native British trees. Some

of the trees that we now admire are the very ones around which Henry VIII rode when he was hunting, and under which Elizabeth I is reputed to have had her famous liaisons with the Earl of Essex.

A thousand years ago, a church was built in the town that we now call Waltham Abbey. King Harold prayed there before the battle of Hastings and, sadly, was buried there after the battle of Hastings. A hundred years ago, Queen Victoria rode through Loughton during her jubilee celebrations, and modern commuters from Epping, Loughton, Buckhurst Hill, Theydon Bois and Chigwell travel daily to work in the City of London.

My constituency has literary connections. Both Charles Dickens and Anthony Trollope spent time in the Epping Forest area while writing some of their most famous novels. Hon. Members will have every sympathy, I think, with Trollope's great political hero, Phineas Finn, who, in the expectation of making his maiden speech,

"took his seat in the House with a consciousness of much inward trepidation of heart.

The Chamber seemed to swim round before our hero's eyes.

All was confused and there arose as it were a sound of waters in his ears, and a feeling as of a great hell around him."

I can only assume that the House was a much less welcoming place in the past century, when Trollope was writing, than I find it now.

Since the beginning of the modern political era, which I count as the time when women were given the vote, my constituency—broadly speaking, as there have been boundary changes—has been represented by only three Members of Parliament, all of them very distinguished men.

I am happy to pay the traditional tribute to my immediate predecessor, Steve Norris. There is much to say about Mr. Norris, but I shall not say it now. He was well known and well liked as a great parliamentary character by hon. Members of all political persuasions; indeed, he still is. He served Epping Forest well in his inimitable and high-profile way. He was, and still is, accomplished not only as a politician and a successful Under-Secretary of State for Transport, but as a successful business man, media personality, bon viveur and author.

I was flattered to have been mentioned three times in Steve's famous book. *[Interruption.]* No, I shall not quote it. He gave me many wise words of advice when I became the candidate for Epping Forest, most of which it would be inappropriate for me to relate to the House. I will relate, however, that he advised me that I should not necessarily feel that, in all aspects of parliamentary life, I had to follow in his footsteps. I have so far adhered to that advice. I can tell by the reactions of hon. Members that they join me in wishing Steve every success in his future business career.

Steve won the by-election in 1988 that was caused by the sad and untimely death of John Biggs-Davison, who had represented the constituency for 33 years. It is appropriate that I should also pay tribute to him.

John Biggs-Davison was a well-respected Member of the House, admired for his impressive personal integrity and deep political convictions. He vehemently championed the cause of the Union with Northern Ireland. I share his views in that respect and I support the work of his organisation, the Friends of the Union. John's family have set up the John Biggs-Davison memorial trust, which provides financial help for those who have suffered in Northern Ireland, so his name and his cause live on.

Older people in my constituency still have proud and vivid memories of their most celebrated Member of Parliament, Sir Winston Churchill. I discovered after I had made my first speech as the new parliamentary candidate for my constituency that I had been standing on the very spot where Winston used to stand to address his constituents—I am glad I discovered that after I had made my speech, because I would have been overcome with awe if I had known beforehand. In my family, Winston Churchill was regarded as the greatest hero of all time. One of my earliest childhood memories is of being made to sit for several hours with the curtains closed watching his funeral on television.

I know that it is the fashion in the Conservative party to have spent one's early years listening to Churchill's speeches on the record player. I am afraid to say that in our house we had only one recording of a Churchill speech. I listened to it, but I learned only a few lines by heart—so I guess that I am not destined for great things in the Conservative party. However, it was useful to have listened to that speech because, thankfully, a quotation from it came into my mind as I was thinking about what to say in the middle of giving a certain speech—which all hon. Members gave—in the early hours of 2 May. Comparisons were made between the result of the 1997 general election and that of 1945. Suddenly I could hear Churchill's voice and his declaration, "We shall never surrender." Such is the spirit of the Conservative party and its leaders in our darkest hour.

I am assured by several people who saw and heard Winston in his heyday in Epping that one of the apocryphal stories about him occurred not in Westminster but when he was speaking in Epping Forest from the back of a farm cart. A lady, who was presumably not a Conservative supporter, called out to him, "If I were your wife, Mr. Churchill, I would give you poison," to which he retorted immediately, "If you were my wife, Madam, I would take it." My constituents have been well represented—I cannot presume to emulate any of the great men who were my predecessors.

I am, however, deeply concerned about the effect of the new Government's Budget on families in my constituency. Not all my constituents have the life style of those famous Chigwell ladies, Sharon, Tracey and Dorien, from "Birds of a Feather"—some do, but not all. Most of my constituents work hard and simply want to do the best they can to provide for their families and later to pass to their families whatever assets they have managed to accumulate. I am not unhappy about giving support to single mothers, but what about working mothers? What about women who are struggling to work and look after their families and who happen to be married to the fathers of their children?

I see no support in the Government's policies for ordinary families. They are the very people who will be harmed by this Budget—because they have been prudent and saved, bought their own homes and invested in their own pensions. For example, the increase in stamp duty might appear to affect only a few people, because it applies to the upper end of the housing market. However, a fairly ordinary three-bedroomed house in Epping Forest costs £250,000. Therefore, the family that has worked hard and saved to buy such a property will be the first to be hit by the Government's cruel new taxes. Inevitably, we all know that the present policies will lead to a rise in interest rates, and the cost of mortgages will rise also.

[Mrs. Eleanor Laing]

Sadly, there is greater disappointment in store for the average working family. Those families think that the savings that they have put into pension schemes will grow and provide an income for their retirement. As my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) said, there are more funds in pension schemes in the United Kingdom than in the rest of the European Union put together. That puts us in a very strong economic position for the future.

The effect of the Budget, however, and especially the windfall tax—it is a badly targeted envy tax if ever there was one—is that the investment that people have made in pension schemes will be worth much less than the sums for which they had hoped and planned. The windfall tax is not, as the Government would have us believe, a tax that nobody has to pay. It is once again a tax on the hard-working, prudent ordinary family.

I appreciate that my remarks today should, by tradition, be uncontentious. That being so, I wish to make it clear that I do not criticise the Government for increasing the duty on petrol. The increase is justifiable for many good reasons. It is right to encourage greater use of public transport and, where possible, less use of the private car. If my constituents are to leave their cars at home, however, they need to have a good public transport system.

Epping Forest lies at the end of the Central line. In addition to and in spite of the large amounts of taxpayers' money that have been poured into the underground system in recent years, it is still in need of substantial further capital investment. For reasons that are well rehearsed, that investment can come only through privatisation.

The Labour party has thrown out Conservative privatisation plans. It is talking vaguely about a watered-down version, but it cannot be trusted. Labour's actions speak louder than its words, for we know what Labour has done to the privatised railways.

Passengers are just beginning to benefit from the privatisation of Railtrack, because of the company's ability to invest its profits in improving services. So what do the Government do? They introduce a windfall tax and take £150 million away from Railtrack—yet the Labour party moaned for years about putting more taxpayers' money into the railways while we Conservatives were getting on with the successful business of privatisation.

If the Deputy Prime Minister called for taxpayers' money to be spent once, he called for it to be spent 100 times on the railways. So what is the first thing that the Labour Government do? They take money away from the railways. It does not make sense. There was plenty of talk from the Chancellor of the Exchequer about policies to improve the environment, but what will he do about funding necessary improvements for London Underground?

My constituents will be disappointed with the Budget. Like all the Labour party's rhetoric, it is designed to raise people's expectations, but those expectations cannot be met unless public expenditure is increased. That is the rock on which the Labour party's policies always falter.

To conclude on a properly non-controversial note, we all agree that programmes aimed at getting young people into jobs are a good idea, but how are they to be paid for when the windfall tax moneys run out? Dare I suggest that perhaps we can look forward after all to the new Government continuing with the privatisation programme?

12.38 pm

Mr. John Bercow (Buckingham): It falls to me to congratulate not one but several hon. Members on their maiden contributions. If I may, I shall begin with my hon. Friend the Member for Bromsgrove (Miss Kirkbride), who is not only my hon. Friend in the House but is genuinely a friend outside the House.

I must say in all candour—I hope that it does not sound presumptuous from one new Member to another—that I have rarely heard a speech of such lucidity, eloquence and comprehensive scope. The fact that it was her first speech makes my task all the more daunting. I hope that the House will understand when I say that, although my hon. Friend is extremely fortunate to be the Member of Parliament for Bromsgrove, Bromsgrove is extremely fortunate to have her as its Member of Parliament.

The hon. Member for Exeter (Mr. Bradshaw), who is sadly not in his place, made a similarly outstanding contribution. I confess that I have not made his acquaintance, but I hope that I shall do so in due course, because he spoke with great sincerity, passion and extreme clarity. Once again, that made my task much more difficult that it might otherwise have been. I look forward to hearing further contributions from him in the future.

My hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) also made a superb speech. He has a tremendous grasp of economic affairs and long experience of accountancy, despite which he is in no sense a boring character.

The hon. Member for Brent, North (Mr. Gardiner) spoke with great style and precision. I identified with one aspect of his speech in particular. He referred, albeit somewhat controversially from my point of view, to Edgware hospital. I have a particular reason to be grateful to Edgware hospital: I began my life there, with a little assistance from my mother, who is in the Gallery. I have sympathy with and respect for the cause of that hospital, so perhaps from time to time it will be the subject of non-partisan discussion and co-operation.

My hon. Friend the Member for Epping Forest (Mrs. Laing) also made a splendid speech. All in all, it is extremely difficult to follow those hon. Members with anything remotely resembling a respectable contribution. I shall nevertheless endeavour as best I can to do so.

I begin by paying tribute to my predecessor of almost 14 years' standing. George Walden represented the Buckingham parliamentary constituency diligently and effectively, and championed a wide range of important and worthy causes. Throughout that process, George was always intolerant of stuffiness, of pomposity and of the unthinking acceptance of conventional wisdom. It must therefore have come as a great disappointment to him when I was selected as his successor. He was truly a remarkable man, and remains so.

It used to be said that it was dangerous for a Conservative Member to be seen by his party Whips with a book in his hand: to be seen reading it was fatal. During the time he served as Member of Parliament, George, with typical disregard for the sensibilities of the party managers, became a distinguished chairman of the Booker prize committee.

One of the most memorable parliamentarians of modern times was Mr. Enoch Powell, who served in the House for well nigh 37 years. He once said:

"My mind climbs mountains without any vertigo."

If that be true of Mr. Powell, it is assuredly also true of George Walden. He is a literary man who is blessed with a brilliant brain. He had an old-fashioned sense of public service, and he will be missed in this place. I know that the whole House will join me in wishing him well in his future endeavours.

The Buckingham parliamentary constituency covers a predominantly rural area, stretching between the two main towns of Milton Keynes and Aylesbury. It comprises more than 100 villages, together with the former county town of Buckingham and the market town of Winslow. The largest of the numerous pretty villages is Haddenham, which is the largest village in the United Kingdom.

The geography of the constituency is interesting and expansive alike. Its northernmost tip ends at the county boundary with Northamptonshire, just short of the Silverstone race track. The constituency spreads eastwards to the border with Bedfordshire, within sight of Whipsnade park zoo, and then moves southwards around both sides of Aylesbury to the Oxfordshire border around Thame. The most westerly point lies at Turweston, where it meets the border with Brackley.

My constituency contains many tremendous and impressive attractions, not least of which is the landscape garden at Stowe, which, as right hon. and hon. Members will know, is home also to the distinguished and famous public school of that name. Waddesdon manor, Ascott house and Claydon house are notable features of the constituency, as is Mentmore Towers, which I can recommend to my right hon. Friend the Leader of the Opposition should he want to avail himself of some decent rest and composure during the summer recess.

The Buckingham constituency, although renowned for its grammar school, is also the home of the once independent university of Buckingham, of which my right hon. and noble Friend the Baroness Thatcher of Kesteven is chancellor. Given that my noble Friend's ideas revolutionised the political agenda not only of my party but of the Labour party, and arguably of the former Soviet empire, it gives me particular pleasure that the university most closely associated with those ideas should be sited in my constituency.

In my view, my noble Friend is not only the finest British peacetime Prime Minister this century: she is also the world's greatest living statesman. I reflected on my noble Friend in preparing this maiden speech, in the context not merely of her chancellorship of Buckingham university but of the fact, of which I am immensely proud, that it was by her example and leadership that I came first to join the Conservative party and become actively involved in its affairs.

As a teenager in the sixth form at comprehensive school in the Finchley constituency, I was struck by two phenomena—first, a feeling of absolute disgust at the desperate and pitiful state to which successive Governments of both colours, but particularly the depredations of the previous Labour Administration, had consigned my country. The second was the passionate and ingrained belief that my noble Friend had the vision and leadership to take this country out of the trough and forward to more prosperous and harmonious times. I politely submit that on that occasion I might have been proved right.

As a result of my noble Friend Baroness Thatcher's leadership, and during the tenure of my right hon. Friend the Member for Huntingdon (Mr. Major), dramatic accomplishments were set in place. We achieved record prosperity at home. We secured respect and acclaim abroad, and, above all and even more significant than those achievements, we rediscovered for ourselves that sense of self-belief, self-faith and conviction that we could go forward, which for so long in the post-war period seemed to have deserted us.

Conservative Governments bequeathed the finest economic inheritance imaginable to the present Administration. I am sure that the Minister would be ready at least in part to acknowledge that some good was done during 18 years of Conservative government. We left the best conditions—low inflation, falling unemployment, cheaper mortgages, prosperous industry, growing competitiveness and a capacity at last to hold our heads high in the world.

Also—I say this in no spirit of hostility or confrontation with the Government but to establish the record accurately—we left this country's finances in good shape. A certain myth is gaining ground about this, but the reality is that the public sector borrowing requirement has been halved as a proportion of gross domestic product in the past three years. Therefore, the Chancellor of the Exchequer and the Prime Minister are fortunate to have come into office at this time, with a thriving free-enterprise, deregulated and competitive economy, the like of which we have not seen in this country certainly in my 34 years on this planet.

What have the new Government done in the two months in which they have held office to sustain that or to add to it? I begin this appraisal of the Government's record on a generous note, because it is right to acknowledge that the two reductions in corporation tax—the cuts in the main rate and in the small companies rate—are extremely welcome. They are good for business. They will be widely appreciated, and they should be the subject of all-party approval in the House.

Those measures would be doubly well received if Ministers had been prepared to acknowledge their failures, when in opposition, in resisting such measures, but I suspect that it is probably naive for a new Member to expect quite so much from Ministers. However, it would have been nice if they had been prepared to acknowledge that, throughout the 1980s and much of the 1990s, we were right about corporation tax and they were assuredly and manifestly wrong. Nevertheless, the Government have done well on that front, and they deserve praise for it.

What has followed since, I regret to say, cannot be similarly applauded. We witnessed in Wednesday's Budget no fewer than 17 new taxes, the yield of which can be anticipated to be about £18 billion over the next three years. Even though it is normal to make non-controversial maiden speeches, those measures appear to constitute the most breathtaking act of betrayal visited on an electorate by an incoming Government in living memory. I say so on the basis not of what we argued, asserted or anticipated, but of what Labour

[Mr. John Bercow]

Members said in advance of the election. Just in case they have been afflicted by a temporary but convenient bout of amnesia, I welcome the opportunity to remind them.

On 21 September 1996, the Prime Minister, then Leader of the Opposition, said that there would not be any requirement to raise taxes, and that he had no plans to do so. On 8 April this year, the Chancellor of the Exchequer said:

"There is no black hole for the Labour party because we have no public spending commitments that require extra taxes."

This week, however, they have come forward with dramatic new impositions.

What has changed? The bogus economic excuse for the increased taxation is the alleged black hole that the Chancellor has suddenly and with enormous convenience been able, in the post-election period, to identify, when, sadly, it escaped his eye before the campaign got under way. The genuine political motivation behind this week's massive hike in taxes is the insatiable appetite of Labour Governments—new, clearly, as well as old—to spend other people's money for them and supposedly on their behalf. At least two of the major taxes announced in the Budget directly contradict the pledge of no new additional taxation.

Let me deal with at least some of the examples. Hon. Members have referred to the abolition of the tax credit on dividends. That is a deeply regressive measure, which the Government have taken for short-term political reasons. It will cause grave harm. It pulverises the pensioner. It risks the possibility that people with endowment mortgages at the end of the policy will not have the funds successfully to discharge their obligations.

I should like to be able to say in the presence of the Secretary of State for Social Security, who was here earlier, that it almost—I use the word advisedly—beggars belief that she was able with such equanimity to support the Budget when one reflects upon the fact that her main responsibility is to protect and promote the interests of pensioners who will be damaged by the measure. The right hon. Lady is an extremely talented and ingenious politician, and I hope that it will not be taken in the wrong spirit when I say that she is practised in the art of defending the indefensible and that it comes as no special surprise to me to see that she has been willing to do that on this occasion.

The second regressive measure is the action on mortgage interest tax relief, which will cost the average mortgage payer £10 a month. It contradicts what the Prime Minister said on 5 March 1996, when he criticised Conservatives for such measures. Moreover, the Chancellor's measure has been taken in wholly different and much less appropriate circumstances, because it is one thing to reduce relief when interest rates are low and falling, and quite another to reduce it when rates are higher and rising. I hope that Labour Members will reflect on that point.

The final undesirable measure is one on which we were given advance notice before the election, and it is the imposition of the windfall tax, which will raise about £5.2 billion. It is an arbitrary and capricious tax. It is unfairly and poorly targeted and will be imposed upon a range of companies. It will affect pensioners and, more particularly, it will affect the utilities themselves, as Anglian Water has been ready to point out.

That company expects to have to borrow to pay the windfall tax, and it expects that, as a result, its investment programme will suffer. It also anticipates the loss of a significant number of jobs. It is not credible for the Government to argue that the windfall tax will not have a damaging effect, because, however well intentioned, it will have negative consequences of which the House should take note.

The common fashion is to talk about the way that Labour has changed over the past two years. It would certainly be churlish to deny that there have been substantial changes, but it is right to acknowledge that there are substantial similarities between, for example, the Wilson Government, who spoke of the white heat of technology, and the Blair Government, who talk lovingly about the joys of the information super-highway.

I politely suggest that both, lacking a philosophical guide, an anchor on which to base their policies, ultimately resort to what they know, for it is what they know alone—taxing, borrowing, regulating, spending, interfering, mollycoddling; trying to take over the lives of ordinary citizens and make decisions on their behalf which Conservatives believe people can better make for themselves.

I wish the Chancellor well in conducting economic policy on behalf of the country. He may prove to be a better Chancellor than some of us anticipate, but to date, given a choice between advancing the British competitive interest and appeasing the Labour vested interest, the right hon. Gentleman has rushed helter-skelter, with barely a pause for breath, in the direction of the latter.

The former right hon. Member for Birmingham, Sparkbrook, now Lord Hattersley, wrote a telling article on 13 March 1995, if my memory serves me correctly, in *The Guardian*—where else? He said:

"Labour now has a clear choice. It can either be the party of higher taxation and proud of it; or the party of higher taxes which it is ashamed to describe, afraid to admit and incapable of calculating with any accuracy. Labour cannot be the low taxation party."

Until I read that article, I never thought that the day would come on which I would agree with Lord Hattersley. To be fair, however, it must be acknowledged that, after he ceased to be a Labour Front Bencher, he blurted out the truth with admirable clarity. I suggest that he gave a telling description of the truth of Labour Governments once they have to apply decisions and to make choices among the options of tax, spend and borrow, and that that truth bodes ill for the United Kingdom.

I hope that Ministers will reconsider their position, although I doubt they will. If they were to do so, the United Kingdom would benefit.

1.1 pm

Mr. Geraint Davies (Croydon, Central): I apologise for missing the introductory speech of my right hon. Friend the Secretary of State for Social Security and Minister for Women. I was speaking to a business audience in my constituency explaining the merits of the Budget. I should say that my comments were very well received by a large business audience in Croydon, which is the hub of business activity in the south-east. I thank the hon. Member for Buckingham (Mr. Bercow) for his brief remarks, which were very interesting and entertaining to hear.

I should like to respond to what I can describe only as the ragbag of rubbish from the Leader of the Opposition and shadow Ministers in their reply to a bold and creative Budget. We should state clearly the framework and strategy behind the Budget, which is to achieve the long-term future success of UK plc in the global economy. We want to establish the capital investment, infrastructure and skill base that will enable us to compete, so that we can create the prosperity that will be necessary to change Britain for the better.

We have inherited a portfolio of endemic problems which must be grasped with vigour and immediacy. Those problems include a history of under-investment in physical capital compared with our competitors. Of the 15 European Union countries, Britain is in the humiliating position of having lower earnings per head than every country except Greece, Spain and Portugal. Ireland passed us in the league just before the general election. Our position is an appalling disgrace, and it is a legacy from the Conservative Government.

We are spending £25 billion of public money annually to repay debt. That is more than we spend on schools. We should be investing in schools for the future productivity of our economy. Moreover, an extra £30 billion will enter the economy because of building society flotations, posing a danger of overheating the economy. Skills shortages and bottlenecks could result from the situation that we have inherited, which is a complete mess.

The Labour party was elected with a mandate which has no historical precedent, to implement change on the back of our clear manifesto pledges. Our manifesto pledges included introducing a windfall tax as the pump-priming means of getting people back to work. Therefore, people who criticise the windfall tax are criticising the will of the British people. Nevertheless, the precedent for a windfall tax was set by the Conservatives. Our obligation to the electorate is to build economic strength so that we can deliver the health, education and other benefits that have been so neglected. The solution to that is long-term investment in physical and human capital in the British economy, combined with stability, which enables foreign as well as domestic capital to be invested in jobs.

Almost immediately on taking office, the Chancellor delegated to the Bank of England the operational responsibility for setting interest rates. Some Opposition Members criticised that, but in fact the cost to British industry of borrowing went down overnight and the value of shares went up. Incidentally, the value of pension funds also went up, so when we hear all the Opposition rubbish about pension funds, let us not forget that.

In the Budget, corporation tax has been reduced to the lowest level in British economic history—indeed, the lowest level in Europe. It is all very well for Opposition Members to say, "Hear, hear, we all support that," but we want to know why they did not reduce corporation tax to support British industry, British jobs and British prosperity for the new millennium. They did not.

Moreover, we have reduced tax on small and medium-sized businesses, which will be the engines of future prosperity for Britain. If every small business took on one extra worker, there would be zero unemployment. The Labour Government will support the entrepreneurial culture of small business—I have been a small business person myself—which will be a new engine for growth in the future.

We have tackled long-term youth unemployment by giving incentives to employers to bring on board people who are in danger of being dislocated in society and outside the job market. I gave a speech earlier today to a business audience who were very receptive to the opportunities that they have been given to lower the marginal costs for taking on new workers, to increase productivity and thus to expand their businesses. The accusation that this will have a short-term, substitutional effect is clearly not the case.

What is more, we are investing in education and in a university for industry, so we are investing in human capital as well as physical capital. I put it to the House that the package of measures will not only secure greater domestic investment but attract what is inherently mobile international capital into the British economy to make us even stronger. That will be the secret of success.

One does not have to listen to me to know that that is true. One simply has to read the financial press to know that immediately after the Budget the stock market jumped 80 points. What did that do to the value of pensions? They all went up. We hear all this stuff about how the Budget is a tax on pensions and that it will all be awful, but the financial markets have delivered. First the Bank of England change sent the stock market up. Then the stock market went up following the Budget. Everyone's pensions are secure because the financial markets respect what the Chancellor has done as being in the long-term interest of the British economy.

All this stuff that we hear, such as "Your pension is ruined," and so on, is quite wrong. The reality is that the value of people's pensions is determined to a certain extent by what they put in now. But their contributions are put into shares, into companies, and the profitability and growth of those companies in the future will determine what the pensioners of tomorrow—who are the workers of today—can take out. We are creating the conditions in which those companies can succeed, and in turn those pensioners will be secure. If we did not do that, they would not be secure.

We heard that the Budget was anti-home-ownership. The Conservative Government reduced mortgage interest relief at source in the past, and the housing market is now beginning to go out of control. If MIRAS had not been reduced and used to fund the huge deficits that we inherited, or used for meaningful expenditure, the Governor of the Bank of England would have raised interest rates anyway. It is obviously better for MIRAS to be cut because the customer—the person with the mortgage—will pay the extra price in any case. I very much welcome that.

Historically, investment in British industry has been distorted by the enormous subsidy that is put into mortgages, which has made people in Britain invest in houses instead of in industry. That is one of the weaknesses that we would face if we had greater European monetary union. We are creating better conditions for industrial investment while holding down consumer demand.

The Budget's central proposition is one of investment for the long term and the creation of stability for the future. It is designed to put the people of Britain back to work. It is clear that the Budget is good for jobs, good for consumers, good for pensioners and good for Britain.

1.9 pm

Mr. Robert Syms (Poole): It is a great pleasure for me to contribute to today's debate because so many hon. Members and so many of my personal friends have made great maiden speeches. I particularly congratulate my hon. Friend the Member for Buckingham (Mr. Bercow) on his impressive debut in the Chamber. A few years ago he was in competition with me for the constituency of Bristol, South. This is the first time that I have heard him speak and I now know why he beat me. I congratulate him on his remarkably good contribution.

The story of the British economy over the past three, four and five years has been one of great success. We have been growing rapidly—certainly, more rapidly than most of our continental competitors—with low inflation and falling unemployment and without the usual balance of payments crises or problems of overheating. Much of the credit for that success should go to the previous Government and to the policies of my right hon. Friend the Member for Huntingdon (Mr. Major) and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who took some tough and sensible decisions to set the economy in that direction.

The present Government inherited an extremely favourable economic position. Indeed, if the previous Government had been a little less concerned about putting the national interest ahead of party interest there might be more of us on the Conservative Benches. The tough decisions that were taken were doubtless good for the nation, but some of them may not have been so good for the Conservative party.

Existing problems stem from a successful economy, not a failing economy. Fast growth inevitably leads to some pressures in the system, but overall the Government have inherited a good economy. I am not sure that there was any need for a Budget at this time. I can understand that after 18 years in opposition a party wants to come in and set out its policies, but there was no economic case for a Budget—certainly not a Budget with 17 tax rises. It is a major tax-and-spend Budget.

The Chancellor spoke in his preamble of his concerns about overheating in the domestic sector, particularly in terms of consumer spending, house prices and broad money. Yet his tax rises hit primarily the corporate sector, not the domestic sector. Therefore, by his own standards, he must have hit the wrong target.

The Government's overall approach has been wrong. This country's future must lie in a low-tax, flexible and growing economy, perhaps less regulated than its continental competitors. The Government's major impositions on the corporate sector have set back the prospects for the economy. The comments in papers such as the *Financial Times* certainly suggest that the measures will lead to higher interest rates and—something that we already have—a higher exchange rate. The overall combination of higher taxes on corporate business and higher interest and exchange rates will not be good for the British economy or for jobs over the next few years.

In particular, the Chancellor took the wrong approach with his tax on pensions and the abolition of the dividend tax credit. Ultimately, the price will be paid by pensioners because the pensions are provided for them. There are more than 12 million people with corporate pensions and 7 million with personal pensions. The tax will affect them all. It is estimated that it could cost £195 per year per pensioner, leaving multi-million pound gaps in the funds. The Pensions Act 1995 contains provisions to maintain minimum pension fund requirements, so there is no doubt that pension funds will have to act to make up the gap.

Estimates of what the tax will raise increase from £2.3 billion in the current year to £4 billion next year and £5.4 billion the following year. Peter Murray, chairman of the National Association of Pension Funds, estimates that the measure will take more than £50 billion of extra pension contributions from the public and private sector over the next 10 years. That is a substantial change in the taxation of what has been a successful industry for this nation, and it is sad that the measure has to be implemented.

Not only that, but there may well be a double hit. Many actuaries value pension funds on the income stream from dividends, which means that when they come to value the shares—irrespective of what happens to share values on a day-to-day basis—they may well reduce the value of the pension funds. That double hit will mean that still more money will have to be raised from pensioners and those contributing to pension funds.

Local authorities will also be hard hit. Many local authorities, including that in Poole, are capped. When they have to find the extra hundreds of thousands of pounds that are necessary, services will suffer. Many local authorities will therefore be in great difficulties.

I especially oppose the windfall tax. I know that it was well trailed in the Labour party manifesto, but I am personally against retrospective taxation. The tax will raise £5.2 billion and is bound to have an effect on investment, jobs and ultimately the prices faced by the customer. When I served on the water consultative committee in the early 1980s, the real problem facing the industry then was the pollution legislation of 1980, which required major investment. Such investment is still needed, but the industries hardest hit by the tax will be the water and electricity industries.

I am also greatly concerned about the scrapping of tax relief for private medical insurance for the over-60s. More than 600,000 currently benefit from medical insurance and the scrapping of the relief could mean that more than 200,000 will join national health service waiting lists when they suffer health problems. The cost of the scheme is only £140 million—a relatively small amount in Budget terms. The typical cost of private health insurance for a pensioner aged 60 to 64 is currently £50 per month. It is likely that that will rise to £65 per month as a result of the change. There is certainly great concern among my constituents, many of whom have written to me on this aspect.

Overall, the Government have failed the test. The best thing would have been to allow the economy to grow and create jobs, but they have intervened, brought in 17 tax increases and raised more than £6 billion in the current year—mainly from the corporate sector. That burden, plus the additional costs of the minimum wage and the social chapter, could well spell disaster for businesses in this country. We shall have higher interest rates and we already have what appears to be an uncompetitive exchange rate; the effect will be to slow down the British economy.

In the long term, the best prospect for jobs and job creation is a prosperous corporate sector and a growing economy. The Government have not underpinned that as

much as they could have done. Like my hon. Friend the Member for Buckingham, I welcome the reduction in corporation tax, but that is relatively small beer compared with what is being taken from the corporate sector. I shall therefore vote against the Budget.

1.17 pm

Mr. Christopher Fraser (Mid–Dorset and North Poole): I compliment my parliamentary colleagues on their excellent speeches. I am proud to speak as the first Member of Parliament for the new constituency of Mid-Dorset and North Poole—a constituency carved out of four previous constituencies. It is a tradition to speak about one's constituency at the beginning of one's maiden speech and I am afraid that I shall not disappoint the House.

I greatly regret that, because of his sad death, I shall no longer be able to call on the services of Sir Nicholas Baker as a neighbour and friend. Part of his constituency is now mine. Sir Nicholas was an industrious parliamentarian and was well respected on both sides of the House; he will be sadly missed. However, I look forward to working with his successor, my hon. Friend the Member for North Dorset (Mr. Walter). I am also fortunate to share boundaries with my hon. Friends the Members for Bournemouth, West (Mr. Butterfill) and for South Dorset (Mr. Bruce), some of whose former constituents I have inherited and whose support and advice I received throughout my time as a candidate, in addition to that of John Ward, the retiring Member for Poole, and of his successor, my hon. Friend the new Member for Poole (Mr. Syms).

The parliamentary map certainly changed on 1 May, in Dorset as elsewhere. Before the general election, there were six Tory-held seats in Dorset; on 2 May there were eight. Dorset has received, and with that clean sweep will continue to receive, first-class representation from all its Tory Members. I am honoured now to be among them.

Mid-Dorset and North Poole is two-thirds rural and one-third urban. It incorporates the outstandingly beautiful Wareham forest towards the Isle of Purbeck, with a large industrial base centred on the Saxon-walled town of Wareham, and in north Poole. We are bordered by the Rivers Frome, Piddle and Stour. The area is steeped in history.

Bere Regis is a village in the north-west corner of my constituency—the first place in the country to be given a regal suffix, in recognition of the fact that King John had a hunting lodge in the parish. It is now part of the Purbeck heritage area. The novels of Thomas Hardy feature many landmarks in my constituency.

When the boundary commission created this new constituency, many people were alarmed that the commission appeared to have thrown together parts of four disparate constituencies. However, we are making it work, and since I was selected, we have worked tirelessly to bring together four different traditions, resulting in many people joining our new Conservative association, thus helping us to our tremendous victory on 1 May.

There are seven secondary schools in my constituency, all with active sixth forms, including two grammar schools—Parkstone and Poole, which regularly feature at the top of the league tables—and Canford school, which is independent. As a former local councillor and school governor, I am very much aware of the hard work and dedication shown by people working in all types of education and skill centres, and I look forward to supporting their work as a Member of the House.

A sound educational base and the acquisition of vocational skills are essential if my constituents are to become part of a well-qualified, well-equipped, flexible and competitive work force, embracing the technological revolution of the next millennium and continuing to enjoy the success already seen in Mid-Dorset and North Poole.

Dorset parents and teachers are understandably proud of our achievements. We turn out intelligent, skilled young people, many of whom are recruited into engineering, marine and related enterprises. Opportunities abound, for Mid-Dorset and North Poole has a larger industrial base than the rest of Dorset put together.

Those of a sporting disposition, such as myself, are well catered for in mid-Dorset. We have the splendid golf courses of Broadstone, East Dorset and Knighton Heath. There is a new Dorset Racquets club and wonderful countryside for outdoor activities. There is a very active field sport following, with the South Dorset hunt.

Like many other constituencies, the constituency has local environmental issues to be addressed during the life of this Parliament. They include the site of an industrial waste incinerator at Holton heath, the growth of Poole harbour, the proposals for Poole harbour bridge and, more especially for mid-Dorset, the route of any link roads and bypasses. We must find ways to ensure that such infrastructure projects do not threaten the wildlife and natural habitats which make mid-Dorset the beautiful place that it is and which encourage tourism to the county. However, that is for the future.

It was the previous Government's objective that Britain should become

"the enterprise centre of Europe"

and that objective was being met. I can say with certainty that Mid-Dorset and North Poole is firmly establishing itself as the enterprise centre of Dorset—one has only to consider companies such as Cetrek, Southern Print and Hamworthy Engineering, which produce excellent, competitively priced products, selling throughout the world. They have invested in Mid-Dorset and North Poole, creating employment and success.

Small businesses were the backbone of economic success in the 1980s and will continue to be in the 1990s. It is imperative that in places such as mid-Dorset we continue to work with the training and enterprise councils—for which I have much admiration—Wessex Institute of Directors and the local chamber of commerce, to achieve further success in that sector.

As a result of the efforts of local companies in my constituency and the economic climate created by the previous Conservative Government, our economy is thriving. Unemployment in the Poole area has fallen by 20 per cent. in the past year—a compliment to the employers and employees who have worked towards increased productivity in a wide range of areas.

Europe is, of course, an important and large export market, and cross-channel links are especially important for us in that regard, but we are competing on a world stage, and our businesses and work forces, as well as the products that they produce, must be competitive, and free from job-destroying legislation. The wish of the majority of people in my area is that we trade with Europe, but are

[Mr. Christopher Fraser]

not absorbed by it. The Government are taking Britain into European policies such as the social chapter and the minimum wage, which will generate unemployment.

I intend to work in partnership with local companies in Dorset. As patron of Firmlink—Dorset's business forum—I shall seek to promote business, employment for young and old alike and enterprise in mid-Dorset. The intention is to become an effective voice for industry and commerce in the county, to ensure that we retain our status as the enterprise centre of Dorset.

My constituents are well served by the national health service. We have excellent local hospitals, the largest of which is Poole Hospital NHS trust, which serves my constituency and that of my hon. Friend the Member for Poole. Since becoming a trust in 1992, the hospital has increased the number of its nurses and consultants and is treating nearly twice as many in-patients and 150,000 more out-patients. Dorset has many fundholding GPs, and I wish to refer to the opening of the new health centre at Corfe Mullen—a sister to the Broadstone practice—with facilities to carry out operations. I know from experience that local people welcome those developments and recognise the improved service, whereby money is spent close to the patient. I request that the Government tread carefully and with sensitivity if they seek to change the system.

We are also fortunate to be served by Pramacare, Dorset's largest independent local charity, of which I am honoured to be the appeals chairman. We help people in need who do not qualify for social services assistance, ranging from help with household tasks to more full-time care. Short-term residential care is offered to disabled people and their carers by the Holton Lee centre, set in 350 acres of natural landscape near Poole harbour. The centre has just been awarded lottery funding towards the cost of a feasibility study to develop existing care provision. I am very excited by the possibilities that will be created if the balance of the cost can be found.

My priority is to do all I can to ensure that the people of Dorset, and my constituents in particular, get as good a deal under this Labour Government as they did under the Conservative Government. Government interference and bureaucracy must not stifle the success that we are seeing in mid-Dorset. Governments do not create jobs—businesses do.

When we look back at the first Budget from a Labour Government for 18 years, we shall remember two things—more taxes and more spending. That used to be called a "tax and spend" Budget. Who said old Labour was dead? The most serious aspect is that it is a short-term Budget. The Chancellor wants us to take seriously his conversion to low tax and enterprise, but he must understand our remaining scepticism.

There are, of course, some things that we can welcome. Reduced corporation tax should help small companies build on their recent success, and we all know that it is a dynamic private sector which funds the public sector. However, the elements of the Budget dealing with social provision give rise to concern. First, the end of tax relief for private health care for pensioners means that those pensioners may now decide to go back to the NHS, which will put an extra burden on the service. When put in that light, the extra resource is not as good as it sounds.

Secondly, I wish to refer to the tax on private pension funds. As my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), the former Secretary of State for Social Security—with whom I know the Minister for Welfare Reform often agrees—said, this is the "Robert Maxwell memorial Budget". We have more money invested in funds than the rest of Europe put together, so this is no time to hammer those who manage—in the true sense—the future of private pensions.

Thirdly, I wish to refer to welfare to work. Leaving aside the dubious nature of a retrospective windfall tax and its possible implications for investment, I should say that I approach this with an open mind. However, I would rather it was approached with an open market. As hon. Members know, youth unemployment has been falling sharply recently. That is due to the actions not of the Secretary of State for Social Security, but of wealth-creating and risk-taking entrepreneurs the length and breadth of Britain.

No one disputes the need to ensure that as many young people as possible enter the world of work at the earliest opportunity. We all agree with that. However, the Government do not seem to have thought the proposals through, nor taken heed of the failed attempts in other countries to implement welfare-to-work schemes. The Australian experience was not a happy one—large amounts of public money were spent to little long-term effect. How will the schemes help school leavers looking for their first job? How many people who are not eligible for the proposed subsidy will find their jobs taken by those who are? The devil is in the detail.

I have fears and a hope. I fear that the temptation to interfere, to spend and to regulate will prove too much for the Government to resist and I fear that they will destroy the wealth and job creation that we have created. My one hope is that I am wrong, but only time will tell.

1.29 pm

Mr. Damian Green (Ashford): It is a privilege to speak in such a debate after so many excellent maiden speeches from hon. Members on both sides of the Chamber. It was that great and wise man Iain Macleod who first coined the nostrum that a Budget that appears good the following day will appear bad six months later. Like many such nostrums, that is now dismissed as a truism, but like many truisms, it is a truism because it is true.

I have deep sympathy with all those who have had to comment instantly on the Budget. As a financial journalist for 15 years, I know that Budget day is one of the more terrifying of the year, because one has to come up with an instant and coherent judgment on the evidence only of the Chancellor's speech and a series of Whitehall press notices. As my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) has already pointed out, those press notices often bear an Orwellian relationship to truth and the use of language. It is, therefore, probable that the instant reaction of the media, business and the stock market to any Budget is wrong, and it is certainly wrong in this case.

We have had a day and a half to absorb the full effect of the Budget and the reaction to it. We can now begin to see the cracks in the Chancellor's propositions. Most importantly, we can see that the Budget has put a time-bomb under the British economy. When it goes off, it will blow up the Chancellor's reputation and, more

important, it will cause enormous damage to the prosperity of the British people and the prospects of job creation in the next few years.

I shall start with the macro-economic aspect of the Budget and its overall judgment. The thrust of the Budget is clear and even Labour Members have had to admit that it will put taxation up hard. It contains 17 tax rises and will take £6 billion a year out of the hands of private individuals and companies so that the Government can spend it. The ostensible reason given by the Chancellor for his enormous grab at people's wealth is that the economy is growing too fast and overheating. He says that he wants to encourage investment and not consumption, but that is a peculiar attempt at justification.

The Chancellor's first act on taking office was to hand independence in setting monetary policy to the Bank of England. The purpose of that move must be to give the Bank of England the power to regulate the economy when it seems to overheat. This country's experience, especially in the days when Chancellors tried to use the tax system to fine-tune the economy, is that the fiscal system is an inappropriate way to turn the economy on and off. The use of monetary policy, however, is appropriate. If the Chancellor believes that the Bank of England should be independent, so that it can take a non-political and non-partisan approach to the regulation of the economy, it is self-evidently absurd to say, six weeks after that decision, that he will use the fiscal system. So we can dismiss that argument.

In the Budget, the Chancellor has fallen down a hole of his own making, because it will not reduce consumption. The hon. Member for Croydon, Central (Mr. Davies), who briefly graced us with his presence earlier, spoke about the reaction of the stock market to the Budget, and claimed it as a great sign that out there in the markets the Budget is considered a success. I suggest that he look behind what is happening on the stock market. The stocks that are going up are those of companies that most depend on consumption—the high-street stocks that depend on retailing. The manufacturing and exporting stocks are not doing well. With this Budget, the Chancellor has not reduced consumption at all.

There may be Labour Members who are more distrustful than the hon. Member for Croydon, Central of the stock market as a sign of what should be done in the economy. I refer them to the Chancellor's Red Book where, on page 59, they will find table 3.2, which gives the game away. It states that this year consumer expenditure will rise by 4.5 per cent. and after all the Chancellor's measures, allegedly to reduce consumption, next year it will go up by 4 per cent. He is not reducing consumption. Incidentally, the savings ratio is projected to fall between 1997 and 1998. This is supposed to be a Budget that encourages saving and discourages consumption. On the Chancellor's own figures, it fails to do that.

My second point is that the areas that the Chancellor is attempting to support are precisely those that will be most damaged. Because no one believes his nostrum that he is reducing consumption, the markets believe—one can see that from what has happened to the pound—that interest rates will have to go up. The next increase in interest rates, which will probably occur during the next couple of weeks, will damage the exporting sectors of the economy—the manufacturers whom the Chancellor says he wants to support. Again, on his own terms, he will fail.

The gap between what the Chancellor preaches and what he practises is huge, because his is the love of tax raising that dare not speak its name. He knows that he must raise taxes on the middle classes and the hard-working classes, but he desperately wants them not to notice. Instead of an honest tax-raising Budget, he has presented a dishonest tax-raising Budget, hoping that no one will notice. Because he is afraid to tax consumption directly, he has missed his target of cutting consumption. Manufacturers and exporters will have to pay the price.

In the years to come, the Chancellor will be seen to have taken huge sums out of the pockets of individuals, cutting growth, not consumption, damaging exporters and job prospects and putting a greater strain on the welfare state.

The failure of the macro-economic strategy is reflected by the inevitable failure of many of the individual measures proposed by the Chancellor. His actions on advance corporation tax, which will damage pension funds, and on removing tax relief on health care insurance for the elderly go against all the nostrums propounded by the Minister for Welfare Reform, in his honest and decent attempt to reform his party's attitude towards the welfare state.

It is a matter of non-partisan agreement among thoughtful Members that if we are to have a decent, compassionate welfare state into the 21st century, we need a closer partnership between the public provision of welfare and private funding of welfare. Each individual who can afford it will have to pay more towards his or her own welfare provision, especially in old age. To achieve that will be one of the most difficult tasks facing this Government and future Governments.

The one clear fact about the Budget is that it goes in the opposite direction. It discourages people from making private provision for welfare in old age or when they fall ill. That is the background against which we should judge any speech by any member of the Government over the next few years about modernising the welfare state and making it fit for the 21st century. With the first decision that the Government have taken, they have marched smartly in the opposite direction. The essential incoherence in the Chancellor's message will be seen as one of the most damaging long-term effects of the Budget.

Other aspects of the Budget also damage the desire for individual thrift. I recommend to connoisseurs of weasel words Inland Revenue press release No. 4, which says that the individual savings account

"will extend the principle of TESSAs and PEPs to encourage people, through tax reliefs"

to raise the level of their long-term savings. "Tax reliefs" is an interesting phrase to use in that context. TESSAs and PEPs are currently tax-exempt, but will they remain tax-exempt after 1999? Will the new individual savings account remain tax-exempt? The honest answer is: probably not. If they were to remain tax-exempt, the Government would say so now: they would reassure existing holders of TESSAs and PEPs that their positions would not be disadvantaged in the long run. I think that the House and the country will draw their own conclusions from the fact that the Government cannot bring themselves to say that at this stage.

Similarly, anyone holding an endowment mortgage has just cause to feel extremely worried, because it is worth significantly less today than it was worth 48 hours ago.

[Mr. Damian Green]

That means that some people will not pay off their mortgage within the time frame that they envisaged originally. At the end of their working lives, they may have to find significant capital sums with which to pay their mortgage. It is a disgraceful measure.

The alleged spending increases for health and education have generated much enthusiasm on the Government Benches. We all know that that is sleight of hand, but we must emphasise the danger involved. It has been the practice for years to reduce the contingency reserve as the new financial year approaches. In a November Budget, the £5 billion contingency reserve for the financial year starting in the following April is reduced by about half to £2.5 billion. The Chancellor has implemented that measure six months early.

Contingency reserves do not exist so that they may be raided by Chancellors of the Exchequer who want to raise a cheer on Budget day: they are there to deal with contingencies. By halving the contingency reserve six months before that would normally occur, the Chancellor has taken an enormous risk. As a patriot, I hope that he is right; I hope that nothing untoward requiring the unexpected expenditure of billions of pounds of public funds will occur in the next six months. If it does, he and we are in an enormous bind, because the money has already been spent. The Chancellor will have to either renege on his commitments to the health service and to schools or find money from other programmes to deal with the unexpected. I do not think that that is the action of a responsible Chancellor who bids to be an iron Chancellor.

The Budget does many damaging things—not least being the way in which it damages attempts to modernise the welfare state. I am sure that Social Security Ministers have good intentions: they are attempting to steal the one-nation ideal to which many Conservative Members have always adhered. However, this Budget will ensure that they will fail. It will make life more uncertain for the thrifty; it will make it harder for exporters and tougher for home owners. It is a meretricious Budget that deserves to fail—and it will fail.

1.42 pm

Mr. Paul Burstow (Sutton and Cheam): I pay tribute to and congratulate the hon. Members who have made their maiden speeches today. Those speeches were impressive in content and delivery and—as many hon. Members did not refer to notes—were quite intimidating for those who, like me, will have to use notes on most occasions.

I delivered my maiden speech during the Queen's Speech debate. The Liberal Democrats supported the Queen's Speech because we supported many of the aims that the Government set out in that speech. However, we said at the time—we still believe it today—that the real test would come with the Budget, when we would see whether the Government would deliver the means of achieving their ends. We do not believe that this Budget does that.

We believe that the Budget fails the modest test of the Queen's Speech, which was accepted only six weeks ago. Although we supported that speech, we want to take things further than the Government seem willing to do in this Budget. We have criticised the Government over their self-imposed straitjacket and the fact that they have chosen to stick, by and large, with the previous Government's spending commitments.

What do we have with this Budget? In my constituency, and in many others throughout the country, we face another winter of crisis and chaos in the national health service. The Budget, when implemented, will do nothing to tackle lengthening waiting lists. It will do nothing to stop the cancellation of operations. Similarly, it will do nothing to deal with the underlying deficit in the health service. Nothing will be done to deal with those matters this year.

The Budget provides no new funding to deal with health or social care during this financial year. The money will come next year. The jam will start to come, albeit thinly spread, over the next few years, and that will be too late. Of course, any extra money is welcome, but the £1.2 billion that the Government have committed to the NHS represents only 2.5 per cent. growth in real terms.

When in opposition, Labour shadow Ministers rightly criticised the Conservative Government for undermining and underfunding the NHS, but the previous Government increased resources, on average, by 3 per cent. a year. If 3 per cent. a year was not enough under the Conservatives, how can only 2.5 per cent. be enough under the Labour Government? My constituents did not vote for a Government or a party that would not tackle the crisis in our health service this year. They faced the nightmare, under the previous Government, of waiting for hours on hospital trolleys for want of a bed. We need action now, and the Budget does not offer it.

For all the talk of greater co-operation between health and social care services, the reality is that the Government, in their Budget, still continue to treat the two sectors as if they operate in splendid isolation. With the exception of education, local government—where social services are provided—looks set to suffer probably one of the worst settlements in living memory. As a result of the Budget, local councils such as Sutton, in my constituency, will be faced with presenting their council tax payers with a double whammy of higher council taxes and still further cuts in public services.

All the evidence points to the forthcoming winter being an especially bad one for community care and social services. A survey published earlier this year by the Association of Directors of Social Services and the Local Government Association found that eight out of 10 English and Welsh local authorities were increasing charges for services as a result of the previous Government's final Budget. It found also that four out of 10 councils were introducing new charges. In addition, most social services departments were introducing stricter criteria for access to services and changes to the conditions under which services would be provided.

We face the unedifying prospect this winter of local trusts and social services departments playing pass the parcel with people's lives as they struggle to make do with inadequate budgets. Pressures on community care budgets will increase because of bed blocking in the NHS, with all the implications that that has for waiting times, while pressures on the NHS to avoid the spectre of people waiting hours on trolleys in accident and emergency departments this winter will lead to the cancellation of non-urgent elective surgery such as hip replacements and cataract operations.

Cancelling those sorts of operations in turn places pressure on community care services because those concerned find themselves disabled in the community and needing support. The vicious cycle must be broken, and clearly the Budget does not provide the resources even to scratch the surface of the problem.

The Government's welfare-to-work proposals raise several questions for disabled people. The welfare-to-work press release in the Budget bundle refers to £200 million being provided over the lifetime of this Parliament to help incapacity benefit recipients and the university for industry's start-up costs.

What will that £200 million be used for, and how much of it will go towards helping disabled people to get out of dependency and into paid employment? Will some of the money be used to increase the access to work budget, or to assist organisations such as Remploy? Will Ministers clarify how the money will be used?

The inclusion of disabled people in the welfare-to-work programme is welcome. Disabled people have the same aspirations as the rest of us. They want to be economically independent, yet often they are trapped in dependence on benefits. Only 40 per cent. of disabled people are economically active, compared with 83 per cent. of non-disabled people. Although some disabled people may never be able to enter or re-enter the work force, many can and want to do so. The inflexibility of our benefit system and widespread discrimination deny disabled people the opportunity to work.

Discrimination against disabled people will end only when the House votes for and delivers comprehensive and enforceable civil rights legislation. I hope that such a proposal will be included in a future Queen's Speech, and that the House will finally deliver the long-standing commitment that Labour made in opposition. The Disability Discrimination Act 1995—the weak and limp legislation which crawled its way through the House to try to make amends for the lack of comprehensive legislation—fails to tackle the employment needs of the vast majority of people because 96 per cent. of employers are not even covered by its employment provisions.

Anti-discrimination legislation on its own is not enough: we also need reforms to the benefit system. Currently, the benefit system treats people as either fit for work and thus not eligible for benefit, or unfit for work and eligible for benefit. It does not treat them as they are: we need a benefit system that recognises their needs. The crude categories currently used are not acceptable.

The Government could make small and technical changes to smooth the transition from benefit dependency to paid employment. For example, they could examine the earnings disregard on means-tested benefits for disabled people. At the moment, people are allowed £15 a week: that figure has remained unchanged since 1988. Such a low disregard is a barrier to the labour market, and makes it impossible for people to develop the required skills. As a consequence, for every pound people gain, they lose a pound. The Government must make changes to deal with that problem.

Another change that would make a difference is a change in the therapeutic earnings rule for incapacity benefit. At present, work can count as therapeutic only if it improves, prevents or delays deterioration in someone's condition, so a disabled person whose condition is stable has no chance of qualifying. As a result, people who are visually impaired or have spinal injuries are excluded from receiving the disregard. Surely a more flexible approach to the definition would enable such people to receive the benefit, provided they had acted on the medical advice of a general practitioner to promote their rehabilitation.

Those small measures could make a difference to many thousands of disabled people. However, I hope that the Government will go further than that and will be more ambitious for disabled people. The Jobseekers Act 1995 introduced powers to pilot changes in social security. Those powers are already being used to test the earnings top-up scheme. If the Government are serious about being inclusive, they should not hesitate to pilot partial capacity benefit schemes. Different pilots could test levels of benefit, duration and conditions of payment. A partial capacity benefit could make a difference to the lives of thousands of disabled people. It could be that helping hand out of dependency and into independence, which is what they want.

The disability working allowance has not been successful. In April 1996, only 9,500 people received it, against a Government target of 50,000. Disability working allowance is not an effective incentive. It does not deal with the needs of the majority of disabled people. Disability Alliance estimates that 2.2 million people are in work or on incapacity or disability benefits, but want to work. The disability working allowance is paid to less than half of 1 per cent. of those 2.2 million people.

Finally, on disabled people and the Budget, the Government announced capital receipts initiatives on Wednesday and figures of £200 million for this year and £700 million for next year. If the Government are committed, as they say they are, to taking action for disabled people, they have to ensure that that initiative releases resources to local authorities that will provide accessible housing through renovation and new build programmes, whether in partnership with the private sector or with the voluntary sector. If the Government do not do so, it will be a travesty and a great betrayal of the many disabled people who have high expectations of the Government.

Disabled people want an extension of part M of the building regulations, which have been out for consultation for two and a half years. We are still awaiting that much-needed extension of the regulations. I hope that today we will get a Government assurance that that will happen soon and that it will be implemented through the capital receipts initiative.

The Budget is destined to disappoint not only the disabled but the many thousands of people throughout the country. It does nothing to deal with the underlying problems in public services, whether the health service or education. It does not even live up to the modest pledges that Labour gave while in opposition. For those reasons, the Liberal Democrats will not be able to support it.

1.56 pm

Mr. Howard Flight (Arundel and South Downs): I will be brief. My hon. Friend the Member for Ashford (Mr. Green) has it. The Budget has been greeted well by the markets and got quite a good reception in the House, but in time it will be seen to be extremely bad. It cannot meet its objectives of stimulating investment or, despite the good intent, of increasing employment. Investment is

[Mr. Howard Flight]

about whether companies are cash rich or not, and the Budget will take cash from companies. There is no problem with the British mechanism for organising investment for British companies.

The unspoken objective, on the advice of new-found friends from manufacturing industry, was clearly to try to tighten the economy fiscally and reduce the extent to which interest rates would need to go up or the exchange rate would depreciate. I argue that the Budget will not influence those at all. Not only is an independent body fixing those rates, but as was pointed out, the Budget will not slow consumption in the next year. To slow consumption, one should stimulate savings, and the Budget has done the opposite.

I am most worried about the reversal of the most successful trend that this country has had. Why do taxes here take only some 40 per cent. of national income, when it is 50 per cent. in Europe? It is because we deliberately gave tax incentives to accumulate the pension funds. What will be the reaction of taking those incentives away? It is not merely the money. I anticipate that companies will put in money-purchase schemes and will look to saving the costs that they would otherwise have to increase as a result. We will move to less generous pension provision, which will result in lower accumulation for the future.

How will people behave with their portfolios? The incentives are to increase holdings in bonds and to forgo the equity benefits of long-term, prudent, equity investment. It is a time-bomb. The demographics of society argue for continuing generous pension provision. If we do not change this measure, the taxation demands on the state for pensions will gradually rise and we will slip down the same mistaken path as continental Europe.

Was the advance corporation tax change really motivated yet again by the European Union? Was it because of the court cases and claims that are coming up, because EU corporate investors feel that they too should participate in ACT refunds?

What has really happened is that a ragbag of tax rises, which the Chancellor felt he could get away with without dishonouring the specific—not the underlying—promises in Labour's manifesto, have been used in the hope of some short-term fiscal tightening to contain interest rates and exchange rates. That will not work. It has set some dangerous trends which will be difficult to reverse. This is a bad Budget, not a good Budget, as the markets, foolishly perhaps, think.

1.59 pm

Mr. John Redwood (Wokingham): We have had an excellent debate and I pay tribute to all the hon. Members on both sides of the House who have made their maiden speeches: my hon. Friends the Members for Bromsgrove (Miss Kirkbride), for Bognor Regis and Littlehampton (Mr. Gibb), for Epping Forest (Mrs. Laing), for Buckingham (Mr. Bercow) and for Mid–Dorset and North Poole (Mr. Fraser) and the hon. Members for Dudley, North (Mr. Cranston), for Exeter (Mr. Bradshaw) and for Brent, North (Mr. Gardiner), all of whom made superb contributions and observed most of the maiden speech traditions, most of the time.

I am worried about only one contribution—that of my hon. Friend the Member for Epping Forest. She seemed to imply that my heroine, Elizabeth I, should be investigated by tabloid newspapers on some kind of sleaze charge. I should like to assure her that nothing untoward happened in Epping forest, but I was not present at the time to be absolutely sure.

I also pay tribute to all hon. Members who, in good spirit, paid fine tributes to their predecessors in the House.

My hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith), the shadow spokesman on social security, raised some crucial questions, which have of course, as so often, gone unanswered. There will not be time for the Paymaster General to answer all the detailed points that my hon. Friend rightly raised, but I hope that the Secretary of State for Social Security will do him the courtesy of writing with detailed replies to his fundamental points.

I hope that, in the few minutes that remain in the debate, the Paymaster General will pause to answer a question on a fundamental problem that Labour faces with its combined Budget strategy and other policies: how can it be right for the Treasury, through the Budget, to try to cut the costs of employing people to promote more employment, while, at the same time, the Department of Trade and Industry proposes regulations and legislation to raise the costs of employing people in all sorts of ways? Will the Paymaster General tell us why the two different Departments responsible for the economy are pointing in two different directions? What will be the net result of all their changes? Our calculations imply that it will be dearer to employ people, so the impact on employment prospects is bad rather than good, if we consider the Government's overall record.

It is sad that the President of the Board of Trade cannot be with us today, or indeed on any other day, during this crucial Budget debate. That is why I am replying to the debate, rather than having the opportunity to debate with my opposite number, the President. It is a disgrace that DTI Ministers are not present and that the President will not come to the House to defend the Government's lamentable record, already manifest in the Budget, on industry, commerce and trade.

The Chief Secretary to the Treasury (Mr. Alistair Darling): Silly ass.

Mr. Redwood: The Chief Secretary to the Treasury dares to say from a sedentary position, "Silly ass." I hope that he will withdraw that remark. It was not gracious or sensible and it shows how little he understands the courtesies of the House or the importance for business of this Budget. Surely, when at the heart of the Budget there is a massive tax attack on British industry and commerce, a DTI Minister should explain the Government's conduct to the House and how it is that business can be raided for all this money without any damaging consequences—in the Government's view.

As my hon. Friend the Member for Ashford (Mr. Green) rightly pointed out, the City has said clearly that this Budget, coupled with the Government's economic policy, is extremely damaging to exporters, manufacturers and industry. Today's *Financial Times* says:

"The list of losers in the Footsie was also a list of Britain's foremost engineering stocks. Exporters were badly hit".

It quotes a trader who said:

"Overseas earners are being smashed to bits."

The losers are led by the great names in British engineering—Tube Investments, GKN, Rolls-Royce and many other fine companies and include big manufacturers like ICI.

The stock market is telling us that there is already a treble whammy on profits, investments and jobs in British manufacturing as a result of weeks of Labour government. The treble whammy consists of the higher exchange rate, which throttles the prospects of exporters in continental markets; the higher interest rates which have already occurred—undoubtedly there will be more, as my hon. Friends have said—and higher taxes in the Budget.

The Budget does not give money back to business. It is idle to pretend that, because corporation tax has been lowered a little, business will be better off at the end of the Budget. The Paymaster General should come clean with the House and explain how much of the massive extra taxation will come from industry and commerce. He should comment on the impact on manufacturers and exporters and on engineering and chemical companies.

The tax measures will have a swingeing impact on all the large companies that have employee-employer pension schemes. They will undoubtedly have to increase their contributions, thereby increasing the cost of employing people, to make up for the lost tax credits that would otherwise have supported future pensions. That is a savage attack on companies and pensioners. It is a great pensions takeaway and there is, as my right hon. Friend the Leader of the Opposition said a few days ago, no free lunch. Loophole closing is destined to raise £1.6 billion over the forecast period. That also represents a substantial increase in corporate taxation which the Paymaster General should explain.

Unlike the other tax increases, the utility tax was heralded in Labour's manifesto. It is badly designed and is a tax on current shareholders and on the current situation in their companies for the alleged sins of earlier shareholders and executives. Far from being a tax on the so-called fat cats, the executives who received good remuneration from their companies, it is, of course, a tax on shareholders and customers. The only people who can ultimately pay the tax are the customers. That is where the businesses get their money, and the tax will have to come from customers' income to provide the revenue that companies will need to pay this large levy. It is a one-off levy to pay for a long-term programme—a rather surprising mismatch which will come back to haunt the Government in future years when they can no longer raid the utilities on the pretext of some past windfall.

The Chancellor has been guilty of sleight of hand in presenting a so-called black hole in the nation's finances. In his Budget documentation, he makes it clear that an £8.3 billion improvement in the borrowing requirement for 1997-98 is only partly the result of his Budget measures. The Budget supplies £5.5 billion of net additional revenue—a massive tax increase. That means that £2.8 billion of lower borrowing has resulted from the excellent economic policies that were pursued by the Conservative Government.

Far from inheriting a worse black hole that they could not foresee from the Budget documentation that was issued in the autumn, the Government have inherited sharply improving finances, which means that their borrowing forecasts are much lower than they had any reason to believe they would be from reading the autumn documentation. The same is true for the following year, because an £8.2 billion improvement in the borrowing requirement—£8.2 billion less borrowing—comes only partly from Budget measures, which raise £4.75 billion net. The other £3.45 billion improvement comes from the strength of the economy that the Government have inherited from the excellent Conservative policies which, in some measure, the Government are following.

My right hon. and hon. Friends and I have another worry about the preparation of the Budget, and I hope that the Paymaster General will clear it up in response to my questions. Yesterday, during Trade and Industry questions, there was considerable confusion on the Treasury Bench. Between those questions and business questions, Opposition Members felt that we received three rather different answers to a very simple question: has the Minister for Trade and Competitiveness in Europe—whose duties we believe straddle DTI and Treasury responsibilities—sold all his shares, cleared all his options and ended all his business interests? If he has not, are we sure that he is not participating in sensitive issues?

The first reply was from the Minister for Science, Energy and Industry, who implied that there was no conflict and that all was well. The second reply was from the President of the Board of Trade and Secretary of State for Trade and Industry, who said that she did not know. She thought, however, that the Minister concerned should abide by the Nolan procedures. Of course she should have told us that he must obey "Questions of Procedure for Ministers", which is rightly considerably more rigorous and restrictive than the Nolan procedures, which apply to Back Benchers in either place. A Minister makes or influences real decisions in a very direct manner and must, therefore, be under much closer scrutiny and much more rigorous control.

A hole was blown in both those answers, however, when the Leader of the House told us, I presume accurately:

> "My noble Friend the Minister for Trade and Competitiveness in Europe is in the process of complying with the rules in 'Questions of Procedure for Ministers', which takes time. During that time, he has not been involved in discussions that would be relevant or relate to his particular interests."—[*Official Report*, 3 July 1997; Vol. 297, c. 427.]

Why was the President of the Board of Trade unaware of the situation? She must have chaired most of the meetings that the Minister concerned would otherwise attend. Surely she had been told that there were meetings that he could not attend, because he was not complying with the necessary requirements.

Today, in the absence of the President of the Board of Trade, will the Paymaster General tell the House whether the Minister for Trade and Competitiveness in Europe has had involvement of any kind in the Budget's preparation? The Budget deals with the most sensitive matters governing corporate taxation and the future of British industry and commerce. Will the Paymaster General assure us now that the Minister concerned has attended no meeting, entered no ministerial discussion, written no memo or letter and seen no Budget papers in the Budget's preparation? The House must be reassured that all was conducted properly in the preparation of a Budget that will raise massive taxes from British industry.

We know that the Labour party has taken very lightly a senior Minister leaking the contents of part of the Budget before its delivery to the House. I hope, however,

[Mr. Redwood]

that the Labour party will not be so unreasonable in answering those questions, because they go to the heart of how government must be conducted in those most important financial matters.

Pensions and pensioners are sadly damaged by the Budget. As we have heard from Conservative Members, there will have to be a day of reckoning if one removes large amounts of money from pension funds by eliminating tax reliefs.

Mr. Gardiner: Will the right hon. Gentleman please enlighten the House? If "raids on pension funds" by removal of advance corporation tax and tax credits are such important issues, why did the Conservative party not think it fit to introduce such tax relief until 1993—14 years after first being elected to government?

Mr. Redwood: The hon. Gentleman has not done his homework. During its periods in government, the Conservative party has extended most generous tax reliefs to the pensions business, consequently generating the most enormous growth in pension funds and pension investment for the future. The growth in pension funds is one of the proudest achievements of those Conservative years and means that most of our fellow citizens will retire with a decent second pension, for which they and perhaps their employers have saved. Money has been in a fund and can be paid out.

What we now see is a smash-and-grab raid from the Labour party, which is taking away from those funds the tax credits that had been paid in over many years. It is not as difficult a concept to understand as some Labour Members seem to find it. Every quarter, a pension fund gets a cheque from the Inland Revenue that reflects the tax already paid by the company on those dividends. If this measure become part of the Finance Act, those funds will suddenly no longer get that cheque each quarter. It is a very savage blow to pensions and pensioners.

The measure has a very direct impact on the amount of tax and the pension contributions that an individual will have to pay if he or she has his or her own pension fund or, as an entrepreneur or small business person, a self-employed fund. There are several million such people in this country. They will immediately see the impact of this measure, because they will have to make good what the Inland Revenue does not pay into their pension fund. It is effectively a direct increase in their income tax burden.

My hon. Friend the Member for Ashford asked an extremely good question, which I hope the Paymaster General will answer when he winds up, on TESSAs and PEPs. The words are weasel words indeed. The Inland Revenue press release leaves us in no doubt about whether the tax reliefs that go to TESSAs and PEPs will continue for all those who have savings in them so far. We are left in doubt about whether the new regime will be as generous as the old one for people who wish to take out new investments under the new plan, which we trust will be revealed soon.

The Minister should have done more homework on the plan earlier and should have done the House the courtesy of telling us what was intended for TESSAs and PEPs, as they have such a direct impact on the savings rate in this country and on the long-term savings plans of many people, especially all those who do not have large savings and to whom the TESSA or PEP is the most important part of their worldly wealth and their future security.

I do not know whether the Chief Secretary wanted to answer that point immediately. He seemed to indicate that he wanted to intervene; now he seems rather lost as to whether he knows the answer. [HON. MEMBERS: "Answer."] The Chief Secretary was having a private conversation instead and not listening, although he had previously implied that he knew the answer to my question. We now know that he does not, which underlines my point: Treasury Ministers do not, even today, know whether people will keep their tax relief on TESSAs and PEPs, and what tax relief will be available for savers thereafter.

The Budget is bad for business, bad for savers, bad for companies, bad for pensioners and very bad indeed for pension funds. The Labour Government came to power promising that they would not raise taxes. They told us that they saw no need to raise taxes and that they could find the money for health and education by other means. Indeed, they have done so out of the contingency fund in a way that doubtless we would have done—probably more generously—in a couple of years when we reviewed spending in the autumn. They said that they would not review spending; they have changed their mind. They have now reviewed two items of spending. They have raided the contingency fund and invented an entirely fictitious black hole in the finances of this nation.

The only genuine black hole is the one that Labour created. Labour promised us before the election that it would carry forward our privatisation plans so that no money was lost from that source. In these Budget papers, we see that that was untrue and that £1.5 billion of privatisation proceeds will be lost next year. That is a genuine Labour black hole, which the Government now have to fill from higher taxation on the corporate sector.

The big betrayal, the reason why the British people cannot now trust the Government just a few weeks into their period in office, is that they propose a massive tax increase in the next two years, a huge raid on pension funds and business. It proves that Labour is bad for business, bad for taxpayers, bad for pensioners. It is high time that Ministers accepted that they have got the Budget wrong and apologised to the British people.

2.18 pm

The Paymaster General (Mr. Geoffrey Robinson): There is not a great deal of time in which to reply to the debate. As the shadow Secretary of State for Trade and Industry said, many of the detailed points can be dealt with in Committee. Although we shall not be welcoming the right hon. Gentleman to that Committee, there will be plenty of time to debate the detail then. I am led to believe that we shall have two full days' debate in the Committee of the whole House, followed by two weeks in Committee, so there will be no shortage of time in which to debate every aspect of the Finance Bill.

Some sour and prissy notes crept into the right hon. Gentleman's speech—perhaps that is what cost him the leadership of his party. If he wishes to impugn the integrity of any Member of the House, he should have the courage to do so in a substantive manner. Will he kindly therefore either withdraw what he said about my noble

Friend the Minister for Trade and Competitiveness in Europe or take this opportunity of saying that he was not impugning his integrity?

Mr. Redwood: I did not impugn anybody; I asked questions. The House needs to know whether the Minister for Trade and Competitiveness in Europe has sold all his shares and got rid of all his business interests, or whether he is debarred from undertaking certain discussions and making certain decisions in the Government. That is a fair question, and the Leader of the House has admitted that the Minister has not regularised his position.

Mr. Robinson: That is an attempt to distract attention from the proven sleaze among former Conservative Members, outlined in the recently published report. I am surprised at the right hon. Gentleman raising the subject in that way, as I had not thought that he was that sort of Member of the House.

The right hon. Gentleman also grumbled rather prissily that the Secretary of State for Trade and Industry was not here to reply to the debate. Yesterday, the shadow Chancellor of the Exchequer grumbled that there was no Treasury Minister present to reply to him. If Conservative Members can get their act together, we shall willingly respond in the most appropriate way.

Mr. Redwood *rose—*

Mr. Robinson: No, I shall not give way again.

I am pleased to say that while, in his grumpy reply to the debate, the right hon. Gentleman was talking down British industry and British engineering, the stock market rose a further 20 points at 12.30 pm today.

We have heard many maiden speeches today, all of which have been outstanding. I shall mention those which contained points for me to take up and I hope that other maiden speakers will forgive me if I do not mention them.

My hon. Friend the Member for Jarrow (Mr. Hepburn) raised the subject of the Benefits Agency in his constituency. I am pleased to say that there will be the fullest consultation exercise before the decision is implemented.

The hon. Member for Bromsgrove (Miss Kirkbride) made an excellent speech without notes and with touching modesty. She spoke of the camaraderie of the House. I fear that when she reaches the Front Bench, as I am sure she will, she may not find that that spirit always prevails. Given the present state of the Conservative party, she may find more camaraderie across the Floor of the House than among her own Benches in the immediate future.

My hon. Friend the Member for Exeter (Mr. Bradshaw) made another appropriate maiden speech. I know that it was his second or third attempt to do so, but it seemed all the better for the wait. He talked about the excellent weather in Exeter. I have checked the records and I understand that Exeter has just suffered its wettest June for 50 years.

The hon. Member for Canterbury (Mr. Brazier) spoke about families in his usual fashion. I can confirm that one of the purposes of tax and benefit integration is precisely to get rid of the anomalies that he mentioned. The matter is now the subject of a consultative exercise carried out by Martin Taylor, the chief executive of Barclays bank.

The hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) showed a degree of technical competence and I hope that we shall be able to welcome him to the Committee stage of the Finance Bill. He raised an important point about foreign income dividends. He will know that the measures do not come in until 1999. We want to encourage—I am sure that the hon. Gentleman and the House will support this—multinationals to have their bases in London, thus confirming it as the primary international centre for business. That is why we shall ensure that international holding companies can continue to pay dividends without advance corporation tax. The necessary legislation will come in in the spring of 1998. We are also looking sympathetically at the position of UK-based groups with a substantial amount of foreign income.

My hon. Friend the Member for Brent, North (Mr. Gardiner) also made his maiden speech today, and I am pleased to be able to tell the House that he became a father for the fourth time during the course of our debate—clearly maiden speeches and fatherhood go together. My hon. Friend's wife has given birth to a son, and I am sure that the whole House will join me in congratulating them. I assure him that, in the design of the new deal, we are working with those who are experienced in running training programmes, to make sure that we deliver the quality that he seeks.

The hon. Member for Epping Forest (Mrs. Laing) gave a well-researched and highly cultured account of her constituency, and I compliment her on it. She raised the issue of the London tube and I can assure her that we are seeking a partnership with the private sector that will not be a rip-off. We want something that is based on practicality and pragmatism and not on the ideology that made such a mess of the private finance initiative under the Government of which she was, luckily, not a member.

The hon. Member for Buckingham (Mr. Bercow), in his maiden speech—which, like that of the hon. Member for Bromsgrove, was delivered without notes—told us that his mother was here. I thought that I could identify an admiring gaze in the Gallery, which spoke volumes for her rightful pride in her son and which I hope will beam down on him on future occasions.

The hon. Member for Mid-Dorset and North Poole (Mr. Fraser), also making his maiden speech, referred to the excellent national health service trust in his constituency. I am sure that he will welcome the extra £1 billion of resources that we have made available to the NHS.

I am pressed for time, but I want to answer one or two of the points arising from the debate relating to the windfall tax and corporation tax. I am sure that it will come as a relief to hon. Members who are preparing for Committee that we are making the draft clauses for the windfall tax available this afternoon. It may be helpful if I make it clear now that I intend to table an amendment to the provisions relating to the windfall tax. Hon. Members should not worry—it is a small matter of ensuring that our policy of using post-privatisation profits to derive a taxable value is implemented as intended, and that the legislation does not inadvertently take into account profits that arose while companies were in the public sector, in circumstances where profits for the financial year straddling flotation have to be apportioned. It is quite clear what is intended. *[Laughter.]* I do not know why Conservative Members are so surprised—that is the whole

[Mr. Robinson]

purpose of Committee stage. We could all heave a mighty sigh of relief if that was to be only amendment I proposed—I only wish that it was and that that was what I could announce today.

One of the best views on the Budget came from the Federation of Small Businesses, representing more than 100,000 members. The federation welcomed the

"Re-introduction of 50 per cent. first year capital allowance which will benefit 3.5 million businesses".

We heard nothing of that from Conservative Members, nor of the fact that it covers 99 per cent. of United Kingdom businesses. The federation also welcomed the

"Reduction of the small companies corporation tax from 23 per cent. to 21 per cent",

which complements the reduction in the general corporation tax rate from 33 per cent. to 31 per cent. I think that the Government can claim an historic first—we are the first Government ever to have reduced corporation tax before they got into office: the change will become effective from April this year and we took office only in May. I am sure that that measure is also welcome; I regret Conservative Members' lack of alacrity in welcoming any of those positive measures introduced in the Budget.

The federation also welcomes the £75 a week subsidy for employers taking on those who have been long-term unemployed and what we are doing for youngsters between 18 and 25 who have been out of work for more than six months. That is a positive reaction, and I am pleased to say that there has also been a tremendous response from the private sector to the welfare-to-work scheme and its placement programme. Hon. Members on both sides and those who have been involved in running similar schemes in the past will be aware that our success will exceed that achieved by previous schemes only if we can get the private sector behind us. I am confident that that will happen.

Some Conservative Members referred to the position of local government bodies and the implications for them in 2000. We are prepared to consult and discover what, in the best judgment of those concerned, will be the position then.

This is a Budget for the future; it will lead to more investment and greater growth, and it has a social dimension in the action that we intend to take by means of the windfall tax. It has the purpose of getting our young people back to work and of giving our younger-still people schools that are decent to learn in in the next millennium. The Budget was designed for that millennium.

Debate adjourned.—[*Mr. Robert Ainsworth.*]

Debate to be resumed on Monday 7 July.

STANDARDS AND PRIVILEGES

Ordered,

That the Minutes of Evidence taken before, and the Memoranda submitted to, the Committee on Standards and Privileges in the last Parliament be referred to the Committee on Standards and Privileges.—*[Mr. Robert Ainsworth.]*

FINANCE BILL

Ordered,

That, in respect of the Finance Bill, notices of Amendments, new Clauses and new Schedules to be moved in Committee may be accepted by the Clerks at the Table before the Bill has been read a second time.—*[Mr. Robert Ainsworth.]*

NATIONAL HEALTH SERVICE (PRIVATE FINANCE) BILL [*LORDS*]

Ordered,

That, in respect of the National Health Service (Private Finance) Bill *[Lords]*, notices of Amendments, new Clauses and new Schedules to be moved in Committee may be accepted by the Clerks at the Table before the Bill has been read a second time.—*[Mr. Robert Ainsworth.]*

Sussex Downs Conservation Board

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Robert Ainsworth.]*

2.30 pm

Mr. Howard Flight (Arundel and South Downs): I wish to raise the subject of the Sussex Downs conservation board. I hope that many hon. Members who are in the Chamber and many hon. Members who are not have visited the beauties of the south downs, along which my constituency runs for about 30 miles.

The Sussex Downs conservation board was established in 1992, by voluntary co-operation between the Countryside Commission and 13 local authorities. It looks after 400 square miles and 1,300 separate rights of way and footpaths.

I raise this subject for two fundamental reasons. One is that the board's six-year trial period runs out in the spring, and there was an urgent need to decide whether it could be financed for a time, pending any further decision to place it on a permanent basis. Secondly, I thought it was important to appraise, consider and discuss what this voluntary experiment has achieved in the management of the south downs.

I am pleased to say that the Government have agreed to reduced rollover financing by the Countryside Commission for the next three years, and I thank the Minister and her Department for that. On behalf of my constituents, I thank Lord Nathan, who is retiring as chairman, and his 29 staff and his board. It is felt overwhelmingly in West Sussex and East Sussex that an excellent job has been done for pretty modest expenditure.

The Countryside Commission undertook, or had undertaken, some professional research, which concluded that the new arrangement had delivered its objectives at very good value, that it had delivered integrated countryside management, and that it had worked extremely constructively in town and country planning in the local community.

Half of West Sussex is designated as an area of outstanding natural beauty, and half is not. What has been most constructive is that, although the board does not have planning powers within its AONB territory, it has a planning advisory committee and rights to attend and to be consulted. It has become the main giver of good environmental planning advice, not only in its castle but in the areas that border it. The danger of hostility being created between the two organisations has been avoided.

The House may wish to discuss AONB borders in future, but we certainly do not want rural areas that are non-AONB designated to be the butt of all environmentally damaging planning requirements.

The board has had the support of the community and the two county councils, and it is to be hoped that the county councils will be able to contribute in the new financing arrangements—together with the district councils—to help make up the shortfall caused by the reduced financing from the Countryside Commission.

The downs is an integrated community, with farms, villages and enterprises. It is not purely an environmental area, although it is enjoyed by some 30 million people per annum. With such a mix, it is vital that there is co-operation within the wider community, and that one achieves what one wants through persuasion and co-operation.

An interesting incident happened in the spring, when, owing to foolish common agricultural policy incentives, a farmer started to plough up land. Everybody interested in the environment was opposed to the farmer's actions, and the board was successful in collaborating with all interested parties in stopping them. The board even succeeded in having the sods put back. That proves that, in a difficult situation, a collaborative approach can be succesful.

We are to have three years of rollover, and there is great local relief and consensus that that has been agreed and that funding has been achieved. We are looking for the Hampshire downs to be incorporated so that it can become the South Downs board, rather than just the Sussex Downs. The board needs streamlining, as it has 36 members—arguably, too many.

We hope that the Government will look favourably on putting this succesful body on to a permanently financed basis. That is the crux of the issue. Whether that requires statutory measures or not remains to be discussed, but it probably will. Not only my constituents, but the overwhelming population of West and East Sussex support what the board has achieved and would like it to be permanently institutionalised as the right vehicle to manage all aspects of the beautiful south downs.

2.36 pm

Mr. Andrew Tyrie (Chichester): I endorse the views of my hon. Friend the Member for Arundel and South Downs (Mr. Flight). A large part of the south downs lies in his constituency, and a large part of the rest lies in mine. The three-year rollover is very welcome, and we would like the Government to give more permanent effect to those arrangements. I should like that for three main reasons.

First, research from independent consultants for the Countryside Commission concluded that the board represented good value for money, and that it has had some success in providing integrated countryside management and influencing the town and country planning process. In that regard, the board has established an influential role in the process, which is strongly supported by the local planning authorities.

Secondly, the South Downs AONB management board has been approved, and its strategy has been well received nationally and locally. Thirdly, we need to look not only at the interests of the locality, but at the country as a whole. Millions of people come to visit the south downs, and their interests require resources beyond the scope of what local authorities can provide. I believe that the experience of the board shows that it is possible to achieve national purposes in landscape protection through locally determined and accountable mechanisms.

In wishing the Government to move towards a permanent arrangement beyond the three-year rollover, I should like to add that a consensus is now emerging locally that something along the lines of the present board should continue not only for the next three years, but as a permanent feature. I encourage the Government to move in that direction.

2.39 pm

The Parliamentary Under-Secretary of State for the Environment, Transport and the Regions (Angela Eagle): I congratulate the hon. Member for Arundel and South Downs (Mr. Flight) on his success in securing an Adjournment debate on such an important subject. It gives me an opportunity to pay tribute to the work done over the past five years by the Sussex Downs conservation board, and to assure the House that this Government is serious about providing the most appropriate form of management and protection for the south downs in the future.

Fifty years ago, back in 1947, the report on possible national parks drawn up by the Hobhouse committee for the post-war Labour Government identified the south downs for inclusion in the national parks programme, but, when the national parks were being designated in the 1950s, under the National Parks and Access to the Countryside Act 1949, the south downs were left out.

The reasons given then were the level of agricultural improvement that had already taken place on the downs, depleting the downlands, and the fact that those taking the decision considered that the wide and wild open spaces that were meant to become national parks, which they found in, say, the Lake district or Northumberland, were not to be found in the downs. Following that omission, we now know that 80 per cent. of the downland has been lost in the 50 years since that decision was made. We must do all we can to preserve and manage what remains.

After that disappointment, the south downs was eventually given the status of two, separate but adjoining, areas of outstanding natural beauty. The east Hampshire area was designated in 1961, and the Sussex downs area followed in 1965. Although, in the 1949 Act, no distinction is made between the level of landscape designation of a national park or an area of outstanding natural beauty—they are both "equally beautiful"—in practice, the two designations have different results.

National parks receive a relatively generous level of public funding, three quarters of which comes from central Government through the system of national parks grant. Local authorities contribute the remainder, although that is specifically compensated through the system of standard spending assessments. The national park authority for each park is the local planning authority, and it has specific responsibilities to conserve and enhance the natural beauty, wildlife and cultural heritage of the park and to promote opportunities for the understanding and enjoyment of its special qualities by the public.

Areas of outstanding natural beauty do not have access to core funding from national Government, although they may be eligible for some grants from the Countryside Commission and elsewhere. Local authorities have powers, but not duties, to look after them, so they tend to lose out to those areas of spending that local authorities have to pursue by statute in times of stringent financial control.

Unlike national parks, areas of outstanding natural beauty do not have independent authorities created by statute. We shall certainly want to have a fresh look at the differences between the arrangements for national parks and areas of outstanding natural beauty, and to see whether there are some workable new solutions for particular areas that are under great pressure.

The pressures on the Sussex downs areas of outstanding natural beauty come from visitor numbers and from development. They were such that, by the early 1990s, the Countryside Commission and the local authorities in East and West Sussex decided to form a new experimental body to conserve the Sussex downs.

Visitor numbers in the area are greater than for most national parks, and the pressures are substantial. Therefore, the Sussex Downs conservation board was set up for six years. The local authorities in the area delegated their countryside management services to the board, and agreed with the Countryside Commission to fund it on a 50:50 basis for six years. We are having this Adjournment debate essentially because that period will end on 31 March 1998.

This year, the Countryside Commission is providing £640,000 for the conservation board. That is a substantial slice of the commission's national budget, and about 35 per cent. of what it has to spend on all the 37 areas of outstanding natural beauty in England. So the Sussex downs is being treated as a very special case.

Hardly anyone who knows about the activities of the board does not agree that it has done a very good job with the resources available to it. The hon. Member for Arundel and South Downs set out the board's achievements clearly, and described the level of local support for the activities that it has undertaken in the years of its existence.

The board has brought about real improvements to the planning and management of the downs, and has managed to strengthen local commitment by creating a stronger identity for the area. Among other things, the board has established and developed an integrated countryside management service and a volunteer ranger service. It has had some success in influencing development plan policies and development control decisions.

The board has produced a management strategy for the area, drawn up an annual work programme with its partners, and produced a landscape report which has been adopted as supplementary planning guidance. That is precisely the kind of innovation that the creation of the board was designed to promote. It is a source of satisfaction that a great deal of good work has already been done. That needs to be further developed, just as the future arrangements for the administration of the area need to be finalised.

The board last year carried out consultations with a wide variety of interested parties about its future, and there was unanimous support for its continuation, or its replacement with another body with similar or enhanced powers. It was remarkable, and a compliment, that no one who was consulted wanted to see the end of the conservation board.

However, there was not a consensus on the best administrative arrangements for the future. Although some of our major environmental bodies supported the case for a new national park, many local interests see the case for a continuation or enhancement of the existing conservation board. Both hon. Gentlemen essentially supported that.

The Government want to build on the success of the Sussex Downs conservation board over its first six years. As we promised before the election, we intend to institute a consultation process on the best way forward for managing the downs in the medium and longer term. That

consultation will begin later in the year. One of the options is a new national park, but that is not the only option.

We shall seek views from local authorities, local landowners, environmental organisations and others who are interested, and will take eventual decisions in the light of the responses to our consultation. We want any successor body to bring in the Hampshire side of the downs, as well as that which is in Sussex.

We propose, more widely, to take a fresh look at which areas might be designated as additional national parks. In doing so, we cannot ignore the fact that national parks cost public money—a current average of about £3 million for each park—and we shall need to be clear about where any proposed additional resources are to come from if new designations are to be made.

The Minister for the Environment, my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher), will meet the Countryside Commission next week to discuss all those issues.

The Countryside Commission intends to issue a separate consultation paper in September about a possible system for managing and funding a number of areas of outstanding natural beauty which are under the greatest pressure. That could provide a suitable model for the downs. The Countryside Commission's ideas also have resource implications which we would need to consider carefully.

It will clearly take a little time to carry out the consultation on the best way forward for the downs, and to establish whichever long-term arrangements eventually prove best. Therefore, with the Countryside Commission, the Government have agreed a further package of public funding for the Sussex Downs conservation board, which will be available to the board when the initial six-year funding ends next March. That was announced by both parties on 1 July. I believe that the hon. Member for Arundel and South Downs had applied for the Adjournment debate before that announcement, so I was glad to be able to satisfy him before we came to the Chamber today.

I understand that the interim arrangement has been accepted by the board as providing the necessary stability for it until long-term arrangements are in place. The Countryside Commission will provide up to a further £1,050,000 for the board over the period to 2000-01, by which time we hope that the future arrangements will be agreed and in place. We will work hard towards that end.

The further funding that the commission is to make available will be to fund specific projects which the conservation board will agree in a work programme with the commission. I have asked the Countryside Commission to keep me informed about how the programme is developing, and I am sure that it will be managed successfully.

We want the local authorities to go on matching the Countryside Commission funding, or better, and I understand that that has been agreed. The conservation board must also continue to work to raise funds from other sources. I make it clear that the extension of funding that we have agreed for the conservation board is a one-off extension. It must be followed by the correct long-term solution for the sympathetic management of the downs.

The hon. Gentleman mentioned ploughing up part of the downs, and he correctly identified the culprit: the common agricultural policy. The absurdities of that policy mean that an individual could get more than £300 an acre for ploughing up ancient grassland, and a mere £14 or £15 an acre for preserving it. While the common agricultural policy contains those absurdities, preservation will prove very difficult. The hon. Gentleman may be interested to know that suitable changes have been made to the flax regime in the common agricultural policy that have closed those loopholes. We hope that we will not face this sort of situation again.

I have explained that the Government are very appreciative of the efforts of the Sussex Downs conservation board in conserving the downs over the past five years. I hope the House will agree that the conservation board is a success story—and the Government intend to help make it even more successful in the future. The interim funding package that we have agreed with the Countryside Commission—which will make available more than £1 million—will provide the stability that the conservation board needs while we consult on the best long-term arrangements for the whole of the south downs.

I hope that the hon. Member for Arundel and South Downs, and the many people who have shown an interest in the future of the downs, will respond to the consultation process and help us to fashion the most appropriate arrangements to deliver a long-term and sustainable future for this popular and beautiful area.

Question put and agreed to.

Adjourned accordingly at nine minutes to Three o'clock.

House of Commons

Monday 7 July 1997

The House met at half-past Two o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

Workplace Fire Safety

3. **Mrs. Betty Williams:** To ask the Secretary of State for the Home Department what representations he has received concerning the implementation of the workplace fire safety proposals. [5508]

The Parliamentary Under-Secretary of State for the Home Department (Mr. George Howarth): Since 2 May, written representations have been received from the Fire Brigades Union, the Fire Industry Council and from one fire safety consultant.

Mrs. Williams: I thank my hon. Friend for his answer. Given the previous Government's delay and dithering over this extremely important issue, when will my hon. Friend introduce regulations to implement the workplace fire safety directive?

Mr. Howarth: It is our intention shortly to lay regulations to put in place the EC fire safety regulations and the workplace directive. The fire authorities, which have the most experience and expertise, will be the appropriate bodies to enforce those regulations. We also intend to interpret them as flexibly as possible, so as not to place too many undue burdens on business.

Wheel Clamping

4. **Mr. Bill O'Brien:** To ask the Secretary of State for the Home Department if he will make a statement on his policy in respect of wheel clamping. [5509]

The Minister of State, Home Office (Mr. Alun Michael): The present situation on wheel clamping on private land is quite unsatisfactory. We are considering what can be done to deal with those wheel clampers who unscrupulously prey on motorists.

Mr. O'Brien: I thank my hon. Friend for that reply. My constituents and I have witnessed extortion, bullying and many other threats from wheel clampers. My hon. Friend the Member for Doncaster, Central (Ms Winterton) is experiencing the same problem. We have not had the results of the consultation process started by the previous Government, and the threat from bullies through wheel clamping remains. Will my hon. Friend take note of my concerns and those expressed by other hon. Members and resurrect the consultation procedure which was started by the Tories? It was never meaningful, so we now need to do something drastic about this problem.

Mr. Michael: My hon. Friend is right. The previous Government launched a consultation process, which was used as an excuse for not accepting amendments during the passage of the 1994 Criminal Justice and Public Order Bill. We wanted to include a provision in that legislation. It should be clear that if a clamper uses threats of violence or criminal damage when demanding money, he could be committing a criminal offence. Such threatening behaviour should be reported to the police. In the short term, before there is an opportunity to deal with this problem through legislation, I give my hon. Friend an undertaking to discuss the issue with the police, so that the best use can be made of the law as it stands to protect the public.

Sir Sydney Chapman: Does the Minister agree that the public should not be allowed to trespass on private land without permission? Will he think carefully when introducing any law in that respect? The Government should uphold the right of private landowners to charge people who infringe on their land up to and not beyond a maximum amount set by the Government.

Mr. Michael: The hon. Gentleman makes an important point. The difficulty is that, often, land does not appear to be private land, or it is land on to which the public are attracted for business or commercial purposes or for a variety of other reasons. The Court of Appeal set an important precedent in its ruling in the case of Arthur and Arthur *v.* Anker, stating that clampers had acted legally because adequate warning signs had been displayed and the release fee had been reasonable. The problem that we must tackle is that of the unscrupulous wheel clampers who threaten or prey on the public. We are concerned that those people should be caught and should not be able to pursue those activities.

Ms Rosie Winterton: Does my hon. Friend recognise that his announcement today will be widely welcomed, especially in my constituency of Doncaster, Central, where freelance clampers are regarded as little more than modern-day highway robbers, whose weapons include a beaten-up car, a rusty clamp and a mobile telephone, and whose intimidatory tactics in demanding immediate cash payment cause distress to their victims? Will he take into account during his consultation exercise any evidence that I can give him from people who have direct experience of cowboy clampers?

Mr. Michael: Yes, certainly; I would welcome evidence from my hon. Friend and others who have experienced the situation. The inception of the consultation undertaken by the previous Government dates back almost four years. We have to maintain a balance between ensuring that such actions can be deployed to deal with those who have every warning, yet persist in parking on private land when they are not justified in doing so, and ensuring that the public are protected against unscrupulous elements that exist in any trade or business. That is part of the wider agenda—the more general regulation of the private security industry—

and we pleaded with the previous Government to deal with it. It is in that context that I believe we shall be able to make progress in due course.

Crime (Children)

5. **Mr. Fraser:** To ask the Secretary of State for the Home Department what action he intends to take to prevent children turning to crime; and if he will make a statement. [5510]

The Secretary of State for the Home Department (Mr. Jack Straw): I welcome the hon. Gentleman's interest in this issue. Tackling the crisis in the youth justice system is the Government's No. 1 priority in the field of law and order.

During the 10 years from 1984, youth crime rose by 36 per cent., while the number of young offenders dealt with fell by more than a third, and delays worsened. In November 1996, the Audit Commission condemned the previous Government's record when it said:

"Less is now being done than a decade ago to address offending by young people."

Against that background, we are determined to reform this inefficient system to ensure that young offenders are punished promptly and effectively and are diverted from drifting into a life of crime. One of our five key pledges is to halve the time that it takes to get persistent young offenders from arrest to sentence. I look forward to the hon. Gentleman's support for our proposals.

Mr. Fraser: In being more specific than that response, will the Secretary of State consider what further co-operative measures his Department will initiate, such as those arranged by Dorset's drug action team on alcohol and drug use among young people?

Mr. Straw: I should be delighted to consider those proposals. During the general election campaign, we published a detailed set of policy proposals for dealing both with drug-related crime, including drug treatment and testing orders, and with alcohol-related crime. Provisions in respect of both will feature in the crime and disorder Bill, to be published later this year. I welcome the hon. Gentleman's input into those measures.

Ms Keeble: I welcome my right hon. Friend's statement—*[Interruption.]* When he looks at measures to deal with crime, will he consider the success of the diversion unit in Northamptonshire, which was praised by the Audit Commission report that he mentioned, and see whether lessons in dealing with youth crime can be learned from it?

Mr. Straw: I should be delighted to do so—despite the mocking laughter from the Opposition Benches, which is not surprising, given the Opposition's record. My predecessor was also interested in the very important and beneficial experience in Northamptonshire for many young offenders. We shall, of course, take it on board in developing our proposals.

Mr. Maginnis: Irrespective of the consideration and accommodation that the state may provide for family life in the 21st century, does the Home Secretary agree that there is no substitute for parental love, concern and responsibility? Will he therefore bear it in mind that, although the Government cannot be expected to act in loco parentis, they must impress on parents their primary responsibility for the activities of their children and find the means to ensure that parents are encouraged to fulfil that role?

Mr. Straw: I agree entirely with the hon. Gentleman's comments. He will be interested to know that last year, in opposition, I published a detailed discussion document about parenting and the need to improve parenting education and support. Also, as part of our crime and disorder Bill, we will make specific provision for parental responsibility orders to deal with that small minority of parents who do not take their responsibilities as parents seriously enough.

Mrs. Brinton: Does my right hon. Friend agree that a proportion of crime is caused by young people roaming around on their own without their parents? Does he agree that it is essential that firm action is taken to ensure that parents take responsibility for their children? Is he aware that, in Peterborough, we have launched the Bretton Youth Trust, which enables young people to take a positive part in improving their community and, therefore, their lives?

Mr. Straw: I am aware of the Bretton Youth Trust and I paid a visit to that area of Peterborough before the election. I can tell my hon. Friend that another part of the crime and disorder Bill will be provision for child protection orders to ensure that parents are not able to allow young children to play outside or to commit crimes late at night while unsupervised.

Mr. Clappison: Will the Home Secretary explain why the Government have announced that, after all, they will build five secure training centres for persistent young offenders, when the Prime Minister has described such a policy as a sham?

Mr. Straw: I congratulate the hon. Gentleman on his elevation to the Front Bench.

The previous Government's record on the provision of secure accommodation for young offenders was appalling. Their rhetoric, as ever, was sharp, but their record was very different. They left us with an increasing need for secure accommodation, but, by the end of their period in office, fewer secure accommodation places were available to the courts and social services than 10 years before. That is why I have acted as I have, and I am surprised that the hon. Gentleman did not congratulate me on my prompt action. He should bear in mind the fact that the use of secure accommodation for young people has halved in the past 10 years, while youth crime has rocketed.

European Year against Racism and Xenophobia

6. **Mr. Timms:** To ask the Secretary of State for the Home Department how he plans to contribute to the European Year against Racism and Xenophobia. [5511]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Mike O'Brien): We are determined to do all that we can to support the European

Year against Racism and Xenophobia. We have already committed significant resources to the administration of the year and we have also recently announced a further £300,000 of support for local and national events.

Mr. Timms: How refreshing it is to hear a Minister being positive and enthusiastic about that European initiative. Does he agree that we should celebrate and enjoy the multiracial character of our nation including, for example, at the Trades Union Congress "Respect" conference this weekend? Is my hon. Friend willing to accompany me to one of the events in Newham's programme to mark the year, which I had the pleasure of launching a couple of weeks ago? How much importance do the Government attach to working together in Europe to combat racism?

Mr. O'Brien: Diversity is a source of strength to our country and having a multicultural society is something of which we can, in many ways, be proud. We also need to ensure that we commit resources to combating racism where it arises. My hon. Friend has shown, by launching that programme in Newham, the importance he attaches to the European Year against Racism and Xenophobia, as have the local authorities by their support. I am happy to consider any invitation that my hon. Friend sends to me.

Mr. Forth: How many people's attitudes will be changed by this gesture?

Mr. O'Brien: The right hon. Gentleman may like to know that, across Europe, a lot of importance is attached to the European Year against Racism and Xenophobia. He may not think that the issue is important, but let me say this: last week, I spoke with the family of a six-year-old child who had been the subject of vicious racism, including having excrement thrown at her in the street. Ensuring that we effectively tackle these issues and raise them in the public consciousness—and that we have effective legal mechanisms to deal with them—is important. That is why we will introduce in a Bill this year new penalties for and new crimes of racial violence and harassment. We will ensure that we deal with these issues—something that the previous Government failed to do.

Mr. Winnick: Would not one contribution to this European year be to bring the murderers of Stephen Lawrence to justice? I am pleased that my right hon. Friend the Home Secretary has met Mr. and Mrs. Lawrence, as I have raised this case on a number of occasions. Has not a newspaper—the *Daily Mail*, to its credit—published the names of those who it believes to be guilty of this terrible and vicious murder? Is not the justice system paralysed when those accused of this terrible crime cannot be brought to justice?

Mr. O'Brien: All hon. Members are greatly concerned about this terrible crime. The issues that my hon. Friend raises are difficult because, as he knows, there has been a trial at which certain persons were acquitted. We are looking at the matter. Together with the Home Secretary, I met Mrs. Lawrence, her husband and representatives of the campaign relating to the case. We were deeply moved and concerned by the things she told us and we are considering the various proposals that she made.

Habitual Criminals (Sentences)

7. **Mr. Green:** To ask the Secretary of State for the Home Department what plans he has to introduce more severe minimum mandatory sentences for habitual (a) burglars and (b) dealers in hard drugs. [5512]

The Minister of State, Home Office (Ms Joyce Quin): We are considering the relevant provisions of the Crime (Sentences) Act 1997 and we believe that tough punishments are appropriate for persistent burglars and dealers in hard drugs.

Mr. Green: When do the Minister and the Home Secretary intend to implement those sections of the 1997 Act that introduce minimum mandatory sentences for career burglars and drug dealers, whose actions cause so much misery to so many families?

Ms Quin: We are considering these matters, but it would not be wise to be bounced into a hasty decision when there are many factors to take into consideration. I understand that it is unlikely that some of the previous Government's provisions would have been introduced before 2001.

Mr. Pike: Does my hon. Friend recognise that many victims of habitual criminals resent the fact that the Crown Prosecution Service does not take their case into account because the accused has committed so many other offences, and that the victims are not even consulted about that?

Ms Quin: My hon. Friend makes an important point, and that is precisely why we are looking at different aspects of the issue.

Dr. Mawhinney: What is the Minister's problem? Is she against the idea of minimum mandatory sentences or against keeping repeat burglars and drug dealers in prison?

Ms Quin: I congratulate the right hon. Gentleman on his new post in the shadow Cabinet. He knows that discussions have taken place on this matter, and that my right hon. Friend the Home Secretary and ministerial colleagues were in favour of minimum mandatory sentences for sex offenders and other violent offenders. The problems attached to some of the previous Government's other recommendations were obviously understood by that Government, given the long time scale that they attached to some of their own proposals.

Fire Safety

8. **Mr. Heppell:** To ask the Secretary of State for the Home Department what plans he has to introduce a Bill to improve fire safety. [5514]

Mr. George Howarth: My hon. Friend is aware that we support the aims of the Bill on the subject that he introduced in the last Parliament and I am looking forward to implementing that Bill's aims as the opportunity presents itself in the near future.

Mr. Heppell: I thank my hon. Friend for those remarks. Fire safety is a complex issue and the detail

needs proper discussion as well, so I am not asking him to prejudge any review. However, will he give one assurance that the previous Government would not give—that children's nighties and pyjamas will not be deregulated under this Government?

Mr. Howarth: I am grateful to my hon. Friend. On 8 May 1996, the then Home Secretary—the shadow Home Secretary's predecessor—refused to give such an assurance in a debate in the House. He made it plain that the Government would not rule out the deregulation of buildings in multiple occupation, children's nightclothes, as my hon. Friend rightly said, and foam-filled furniture. I can give this firm commitment: no such deregulation will take place under this Government. We consider fire safety, particularly in those respects, to be of the utmost priority and we will ensure that the necessary legislation is in place to protect people in those and all other circumstances in which they might be threatened by fire.

Mr. Collins: What assurance can the Minister give small businesses, especially those involved in tourism in my constituency of Westmorland and Lonsdale, that legislation on fire safety will not be excessively onerous and drive yet more of them out of business?

Mr. Howarth: In an earlier answer on the EC workplace directive, the hon. Gentleman may have noted that we gave an assurance that no such onerous burdens would be placed on businesses. I am sure that he will agree, however, that, although we do not want to place any onerous burdens on any businesses, including seaside boarding houses or hotels, by the same token we want to ensure that the best possible safety measures are in place for all who use such premises.

Disorder and Anti-social Behaviour

9. **Mr. Cawsey:** To ask the Secretary of State for the Home Department what measures he is proposing to tackle disorder and anti–social behaviour. [5515]

Mr. Straw: The Government believe that tackling disorder and anti-social behaviour is a crucial element in dealing with crime and making our communities safer. Recent analysis of the 1996 British crime survey showed that the risk of being a victim of violent crime is four times greater in a disorderly neighbourhood than in an orderly one.

Our manifesto set out a comprehensive range of measures to deal with disorder and anti-social behaviour, many of which will be included in the crime and disorder Bill. Those include new community safety orders to give the police and local authorities greater powers to combat persistent disorder, new offences of racial harassment and racially motivated violence, a new responsibility on local authorities to reduce crime and disorder in their areas and measures to tackle alcohol-related violence and drug-related crime.

Mr. Cawsey: I thank my right hon. Friend for that reply and welcome the announcement that yet another manifesto commitment is to be implemented shortly. Does he agree that too many families suffer from the fear and misery that anti-social behaviour brings? Can he confirm that the new community safety orders will give the police and local authorities comprehensive powers to deal with that issue throughout the community, unlike the present iniquitous system, whereby local authorities can and do take action against their tenants for anti-social behaviour, but find that they have precious few powers when the anti-social problem is in the private sector?

Mr. Straw: I can confirm that. My hon. Friend is right to point to the fact that much anti-social behaviour is caused not by council tenants but by private tenants or owner-occupiers. Our proposals for community safety orders will be comprehensive and will apply to every member of the community, regardless of the tenure of his or her home, and the duty to enforce them will be on both the police and the local authority.

Mr. Greenway: How can the right hon. Gentleman expect the House to take seriously the plans that he outlined to deal with anti-social behaviour when he is about to release thousands of criminals on to the streets?

Mr. Straw: I congratulate the hon. Gentleman, for whom I have a high regard and with whom I have often debated, on his elevation to the Front Bench. The advice that I would give him, however, is to come to the House better briefed and ask questions based on fact and not fiction.

Kate Hoey: Does my right hon. Friend agree that many anti-social activities are carried out by young people who have been excluded from school or who are truanting? What measures will he take, with the Department for Education and Employment, to ensure that this problem, particularly in our inner cities, is looked at seriously?

Mr. Straw: I agree with my hon. Friend entirely. She knows that, on Friday last, I visited an excellent project in her constituency in which there was a scheme for educating and giving support to about 40 children who had been excluded from school. There is a direct connection between children who truant or are excluded from school and high levels of crime. We are determined to tackle the problem in a co-ordinated way. I think that my hon. Friend will find that there are important announcements in the education White Paper which my right hon. Friend the Secretary of State for Education and Employment is due to announce later this afternoon.

Animals (Scientific Procedures) Act 1986

10. **Mr. Baker:** To ask the Secretary of State for the Home Department what plans he has to amend the Animals (Scientific Procedures) Act 1986; and if he will make a statement. [5516]

Mr. George Howarth: The Government share the concerns expressed in the Kennedy committee report on xenotransplantation—the transplantation of organs from animals to humans. In relation to animals being used in scientific procedures, we will amend schedule 2 to the Act to add all genetically modified protected animals to the list of species that must be obtained from a designated source. Minor amendments will also be made to introduce in the Act some controls currently exercised through administrative measures, such as standard licence conditions.

Mr. Baker: I am pleased that the genetic engineering element is to be included in the Government's thinking.

Is the Minister aware, however, that it is clear from the Government's own publication, "Statistics of Scientific Procedures on Living Animals", that, in 1995, 2,709,631 experiments were carried out on animals in this country? Is he further aware that, of those experiments, 49 per cent. were simply for commercial gain? In other words, animals were exploited simply to give a profitable edge to somebody or a competitive edge to an individual company. Is that not an abomination in this country? Can we look to the new Government, first, to reduce the number of experiments dramatically, secondly, to increase the number of inspectors—there are only 18 at present—and, thirdly, to speed up the development of alternatives to animal testing?

Mr. Howarth: All the issues that the hon. Gentleman has mentioned are under consideration by the Government. He will appreciate that it is impossible to take a firm view on each of them to begin with. There are, however, two areas about which the House will be interested to know. First, we are looking to implement alternatives wherever possible, particularly with respect to primate LD50 testing and cosmetic testing. Secondly, we will take forward welfare standards and we will pursue relevant measures across Europe rather than risking exporting animal experimentation to countries with less rigorous controls. Clearly, we share common objectives; it is a question of the means by which we can best promote those objectives. We hope in due course to be able to make an announcement that will make absolutely clear how we intend to take all those concerns forward.

Mr. Alan Clark: That really is not a satisfactory answer. Is the Minister aware that last week, I delivered a petition at Downing street with more than 100,000 signatures of people who are really concerned about the issue? It simply is not good enough for the Minister to say that he needs further time to consider the basic points, which are that many of these experiments are both repetitive and unnecessary, and are dictated simply by the motivation of commercial gain.

Mr. Howarth: We have had two months to consider complex issues. I have given a clear commitment that we intend to take forward the best possible practice. I know that the right hon. Gentleman has been out of the House for five years. He was, however, a member of a Government who, for 18 years, did nothing at all about the matter. It comes rich from him to complain in the House about lack of progress in two months, given that little happened in 18 years when his party was in office.

Prison and Probation Services

11. **Miss Widdecombe:** To ask the Secretary of State for the Home Department what discussions he has had with Her Majesty's chief inspector of prisons about a possible merger between the prison and probation services. [5517]

Ms Joyce Quin: None about a merger, although I have spoken to Her Majesty's chief inspector of prisons about my wish to explore all ways in which the Prison Service and the probation service can be made to work more effectively together. I have reached no conclusions yet about what additional measures might be needed to bring this about.

Miss Widdecombe: Why did the chief inspector tell the Prison Service college in the course of a lecture that the Government were considering such a measure? Will she now take the opportunity to reassure the probation service that no such merger is under consideration?

Ms Quin: First, I pay tribute to the work of the probation service and welcome the contacts that I have had with it since I took office. The position is as I described it to the right hon. Lady. We have made no decision about a merger. Indeed, we have said that we want the two services to work closely together. The right hon. Lady seems to be concerned about the actions of the chief inspector, who was appointed by the Conservative Government. We greatly appreciate the work of the chief inspector, especially his work on reports on prisons and on the various thematic reports, which we find useful.

Mr. Stephen Twigg: Is my hon. Friend aware of the positive work of the Middlesex probation service in my constituency, particularly its involvement in partnership projects such as the Enfield community initiative? Will she tell the House more about her assessment of the general work of the probation service?

Ms Quin: I thank my hon. Friend for his comments. Some excellent practice is being adopted by the probation service in many parts of the country. I have already had the opportunity to visit certain probation schemes and I hope to visit more, perhaps including those in my hon. Friend's area, before too long.

Mr. Beith: Is it true that the much respected chief inspector of prisons got a dressing down at the Home Office for daring to mention future relations between the probation service and the Prison Service? Does the hon. Lady recognise the value of the concept of a single corrections function drawing together custodial and non-custodial sentences, and is she aware that she needs to tread carefully in dealing with two distinctive services with distinctive qualifications, especially as the last Government made such a mess of qualifications in the probation service by downgrading them?

Ms Quin: On the last point, I strongly agree with the right hon. Gentleman. We are urgently addressing the probation training chaos produced by the previous Government. We believe that the Prison Service and the probation service are willing to learn from each other, share experience and find a good way of working that will involve co-operation between them.

Closed Circuit Television

13. **Mr. Gray:** To ask the Secretary of State for the Home Department if he will extend the provision of closed circuit television. [5519]

Mr. Michael: We are reviewing existing expenditure programmes and reassessing priorities to ensure that we

make the best use of the resources available. A decision on whether there will be a further CCTV challenge competition in 1998-99 will be made later in the summer.

Mr. Gray: One could only expect yet another review. Does the Minister accept the outstanding crime prevention and detection power of CCTV? Will he remember the 6,000 cameras provided by the Conservative Government at a cost of £34 million? Is he aware of the Conservative manifesto pledge to spend a further £75 million on providing CCTV? As north Wiltshire has not yet benefited from any of that Conservative expenditure, will the Minister consider sympathetically the forthcoming CCTV application from Wootton Bassett?

Mr. Michael: The hon. Gentleman seems to have answered his own questions by attacking the record of the previous Government. It is only sensible for an incoming Government to undertake a comprehensive review of expenditure and of the way in which resources are used. It is in that context that we are examining how we use the money available for CCTV.

The Conservative party's commitment, such as it was, in the general election was not worth the paper that it was written on. The Conservatives said that they would provide money over the next five years, but one of the first things that we found on coming into office was that the money that they had set aside allowed only one further round of CCTV expenditure, next year. They had allowed for nothing after the financial year to which I referred. By contrast, the Labour party is committed to taking action to tackle crime and its causes comprehensively. That includes on-going support for CCTV, which has been proved to work well when properly integrated with other steps to protect the public and to detect and prevent crime.

Dr. Mawhinney: I am grateful to the hon. Gentleman for confirming that there was money available for CCTV next year. He will also recall that the £37 million that we spent while in government was done on a year-by-year basis. Will he now demonstrate to the House his commitment in support of CCTV by saying that he will agree to match the Conservative manifesto commitment to spend £75 million more on CCTV during the course of this Parliament?

Mr. Michael: I join my hon. Friend the Minister of State in welcoming the right hon. Gentleman to his new post. As shadow Home Secretary representing the Conservative party he may find that on many issues it is wise to stay silent in view of the appalling record of the previous Government.

It is one thing for the right hon. Gentleman to confirm that money is available next year. As I confirmed in my response, my predecessor did not leave money for subsequent years—it was not allowed for. I will certainly not make commitments for further ahead. We are committed, however, to tackling crime and its causes comprehensively—a task in which the Conservative Government comprehensively failed over the years. The right hon. Gentleman also heard his hon. Friend the Member for North Wiltshire (Mr. Gray) condemn the Conservative Government's failure to provide any money for CCTV in Wiltshire over the years. The right hon. Gentleman should listen to the noise from his own Back Benchers.

Finally, the right hon. Gentleman should recognise that in many cases Labour local authorities took the initiative to introduce CCTV into their areas—very often without the support of the Conservative Government and, indeed, with their active neglect.

Mr. Bob Russell: The Minister has expressed keen support for security cameras and has said that CCTV is a good measure. In view of that, and if the Government are serious about being tough on the causes of crime, surely the Minister should have found the ways and means immediately after he came into office to provide the additional money for that purpose. I also merely observe that the six-week running costs of the boot camp in Colchester would pay for the completion of the security camera system in Colchester.

Mr. Michael: I am not sure that doing so would have saved us a penny. Finding extra money out of thin air within a few weeks of coming into government is not something that we pretend to be able to do. We intend to act responsibly with the finances available to us and to use them in the best way possible within the Home Office to deal with crime and the other issues for which we are responsible.

The financial situation is, if anything, worse than we predicted before coming into office. The Conservative Government left us with that financial failure as well as their failure in relation to law and order. We shall make the best possible use of the resources available. We see CCTV as a valuable tool in the fight against crime, provided that it is used as part of intelligent and comprehensive approaches to reducing and preventing crime in areas where CCTV has been installed.

Police Constables

14. **Mr. Hawkins:** To ask the Secretary of State for the Home Department what plans he has to increase the number of police constables. [5520]

Mr. Straw: Under legislation passed by the Conservative Government in 1994, it is for individual chief constables and police authorities to determine the number of constables and other officers in each force, having regard to the resources available to them. This means, as my predecessor found to his cost, that the Home Office has no direct control over police numbers in any force outside London.

We are working with the police to relieve them of unnecessary bureaucratic burdens to allow chief officers to put more police officers back on the beat; that includes implementation of many measures to cut down delays and inefficiencies in the criminal justice system and a major reform of the Crown Prosecution Service, which has been widely welcomed by the police.

Mr. Hawkins: I am sure that the Home Secretary will have been told by those who participated in the focus groups held by the Minister without Portfolio that the public certainly want to see more police officers on the beat. I am grateful to him for paying tribute to his predecessor, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), on his success in introducing a great deal more civilianisation in the back office so that more police officers could go back

on the beat. Can the right hon. Gentleman say whether it is his intention to continue to civilianise back office operations so that chief constables can put police officers where the public want to see them?

Mr. Straw: Yes, I made that clear in a speech to the Association of Chief Police Officers last week. The one thing that we do not need focus groups for is to discover that what the public hate more than anything else are political parties that make promises and then break them. In the 1992 election, the Conservatives promised an extra 1,000 police officers on the beat by 1997. What happened? There were 469 fewer police officers over that period.

Fiona Mactaggart: While my right hon. Friend may not have powers to determine the number of police constables on the beat, will he encourage police forces to organise their manpower so as to ensure that more police constables are available on foot or bicycle rather than being stuck away from the public? Seven people at my advice surgery on Saturday were concerned about disorder, crime and the unavailability of police constables in our local area.

Mr. Straw: The need to raise the status of general patrolling in police forces is very important and is being addressed by both the Audit Commission and Her Majesty's chief inspectorate of constabulary. I entirely understand my hon. Friend's point, but the public want not only a police officer on the beat on general patrol but a fast response by the police in motor cars in an emergency. Chief officers have a difficult challenge in balancing those competing claims.

Dr. Mawhinney: Accepting the Home Secretary's comment about the responsibility of chief constables, how many more police officers would he like to see by 2002?

Mr. Straw: I should like to see more police officers on the beat, but I do not intend to make the mistake made by the right hon. Gentleman and his colleagues during the Conservative Administration, when they made promises and then broke them. We intend to make promises and keep them.

Citizenship Applications

15. **Mr. Gordon Prentice:** To ask the Secretary of State for the Home Department if he will make it his policy to give reasons for the refusal of an application for British citizenship. [5521]

Mr. Mike O'Brien: As I explained in reply to a question from my hon. Friend on 21 May at column *77*, we are reviewing our practice with regard to giving reasons for decisions on applications for British citizenship.

Mr. Prentice: I find that encouraging. To help my hon. Friend with his deliberations, may I remind him of the terrible injustice that has been done to Mohammed Al Fayed, who has been in this country for 30 years, has no criminal record and was refused citizenship by the previous Administration out of political spite without being given reasons? Is it not a terrible paradox that the main accuser of the liar and cheat Neil Hamilton is deemed unfit for British citizenship and we are allowing that situation to continue without the man being given reasons for the decision? May I urge my hon. Friend to examine those matters in great detail?

Mr. O'Brien: Those matters are currently before the Judicial Committee in another place. It would be wrong for me to delve too far into the issues until the Committee has had the opportunity to give its view on the way in which justice was delivered, or not, in this particular case.

Mr. Sayeed: If Mr. Al Fayed has been offering inducements to Members of Parliament to act improperly, does the Minister think him a fit and proper person to receive Britain citizenship?

Mr. O'Brien: These are all issues which, in due course, may have to be taken into consideration if an application is made by Mr. Al Fayed subsequent to the House of Lords judgment. Until those matters are before us, it is better that Ministers do not reach judgments before they are obliged to in such circumstances.

Immigration Advisers

16. **Mr. Vaz:** To ask the Secretary of State for the Home Department what action he is taking to regulate immigration advisers. [5522]

Mr. Mike O'Brien: As my hon. Friend will know, we have a manifesto commitment to control unscrupulous immigration advisers. We are examining the options for delivering on this commitment and fully intend to do so. We shall issue a consultation paper as soon as possible.

Mr. Vaz: I welcome the Minister's commitment to dealing with the abuse that exists in this area of policy. Will he give the House an assurance that where a constituent has been given false, inaccurate or misleading advice by an immigration adviser and has then acted in good faith as a result of that advice, the Minister will show sympathy to that constituent and will not sign any removal or deportation notices?

Mr. O'Brien: Each case must be assessed on its merits. When cases are examined, all the circumstances that should be taken into account are taken into account.

Mr. Malins: The Minister may be aware that four years ago, I founded the Immigration Advisory Service and was its first chairman of trustees. Is he further aware that the IAS is at the forefront of calls to set up a register of immigration advisers? Is he also aware that until such a register is set up thousands of innocent people in this country, generally from poor backgrounds, will be disadvantaged and cheated by unscrupulous people? I urge the Minister to bring the matter forward.

Mr. O'Brien: The hon. Gentleman has a good record on raising such issues, for which I commend him. I also commend the IAS on the way in which it has brought the issues into public forums. I regret, however, that the previous Government failed to act on these matters. We intend to act to stop the exploitation of vulnerable people by so-called advisers who are often incompetent,

fraudulent or both. The previous Government declined to take action against such advisers, despite the concerns expressed by many people, including the hon. Member for Woking (Mr. Malins). We have a manifesto commitment to deal with those so-called advisers and we shall.

Mr. Grant: Is my hon. Friend aware that in my constituency we have begun the process of scrutinising not only bogus immigration advisers but bogus immigration solicitors because quite a few of them know nothing about immigration law? Will my hon. Friend look at the papers, particularly the questionnaire worked on by my office, the Immigration Law Practitioners Association and the Law Society? He will see that they are following good practice, which could be adopted nationally.

Mr. O'Brien: I commend my hon. Friend for his work in that respect. He has set an example that all Members of Parliament would benefit from observing. I have read the papers that he has submitted to me at the Home Office. Other Members should consider his method of setting out the means by which he is able to vet advisers locally and to advise his constituents on how to deal with them. We should also circulate the questionnaire that he has developed to other hon. Members, and we are considering doing so. As part of our consultation, we shall be looking at some of the proposals that my hon. Friend has suggested.

Mr. Richard Allan: Does the Minister agree that he could reduce the market for unscrupulous immigration advisers by following the advice sent to him recently by the new Labour-run Sheffield city council and repealing the Asylum and Immigration Act 1996, which it describes as a contemptible act of racism?

Mr. O'Brien: We are examining the way in which the latest Act of Parliament on the subject operates. As I am sure the hon. Gentleman is aware, we made a number of manifesto commitments relating to that legislation. We are hoping to implement those manifesto commitments as soon as possible. The hon. Gentleman is right to say that the legislation contained a number of faults; we are examining them and I hope that we can deal with them in the near future.

Crime Prevention

17. **Mr. Borrow:** To ask the Secretary of State for the Home Department if he will make a statement on the Government's plans to give crime prevention a higher priority. [5523]

Mr. Michael: We are determined to raise the profile of crime prevention across the board. It makes far more sense to stop a crime happening than to have to pick up the pieces afterwards, important though it is to help victims and to catch and punish offenders.

One of our first priorities is to place a new duty on local authorities and the police service together to develop statutory local partnerships for crime prevention and community safety and, with other key partners, to agree local community safety targets. Our proposals, which we intend to include in the crime and disorder Bill later this year, will be developed on the basis of full consultation with all interested parties.

Mr. Borrow: The Minister's answer will be welcomed in my constituency of South Ribble. I am, however, somewhat concerned that local crime prevention strategies—a welcome move which should be carried out by local partnerships—might be based on the statistics for reported crime, which give a false picture, especially in more deprived areas. Will my hon. Friend assure me that proposals will be brought forward to ensure that there is a proper investigation, involving local communities, of the real level of crime and the nature of crime, so that effective local strategies are put in place as a result of his proposals?

Mr. Michael: My hon. Friend makes an excellent point. I have had the experience in an area of my constituency where there were problems trying to reconcile the police view of crime and the local authority's view of crime. When we asked local people, they said, "You've both got it wrong." Absolutely central to the process I have described will be a local crime and disorder audit to identify problems of concern to all local people by using both police and local authority experience of crime and disorder and listening to the views of the community.

Once the problems have been identified, there are many ways in which they can be tackled. When I was a board member of Crime Concern, I saw some of the excellent initiatives that had been developed there. Only last week, in the Prudential youth action awards, we saw examples of young people being part of the solution and not part of the problem when they are invited and brought into tackling local neighbourhood problems. I certainly take on board my hon. Friend's points.

Mr. Baldry: Is the House to understand, from the Minister's earlier comments about tightness of funding in the Home Office, the Home Secretary's refusal to set any targets for increasing the number of police officers and the fact that the police and the Home Office had not a mention in last week's Budget, that the Home Office is having a pretty tough time in its negotiations with the Treasury? Given that the best method of crime prevention is more police officers, is not the message that is coming through clearly this afternoon that the Home Office is short of funding and that there will be less funding for our police forces in the coming years?

Mr. Michael: I think that the hon. Gentleman has been day dreaming for the past three quarters of an hour. The message that is coming through quite clearly is that the Government will use the resources available within the police service, the Home Office and local authorities to tackle crime and its causes—an area in which the Conservative Government were guilty of abject failure for 18 years, when crime rocketed and, in the past few years, violent crime has gone through the roof. I promise the hon. Gentleman that a Government who will tackle these issues has replaced a Government who failed on these issues.

Young Offenders

18. **Mr. Hutton:** To ask the Secretary of State for the Home Department what plans he has to tackle offending by young people. [5525]

Mr. Straw: We are pursuing a wide-ranging programme of change, including fast-track punishment for persistent young offenders, ending the practice of repeat police cautions, new powers for courts to impose reparation and action plan orders, and actions to make the youth courts more effective.

Mr. Hutton: I am grateful to my right hon. Friend for that reply. Does he agree that magistrates courts need the widest possible range of sentencing options available to them if they are to deal properly with the criminal behaviour of young offenders, who can cause such misery to decent, law-abiding citizens? In particular, does he agree that that should include the availability of secure accommodation, which the previous Government completely failed to deliver?

Mr. Straw: I agree with my hon. Friend. It is clear that magistrates courts must themselves have a specific responsibility for the sentences that they wish to see imposed in respect of young offenders. It was frankly absurd for the previous Administration to set up a system whereby there was a constant shuttlecock between the courts on the one hand and social services on the other, with neither being clear as to which had responsibility for dealing with persistent young offenders.

Mrs. Virginia Bottomley: Is the right hon. Gentleman aware that he will have given no comfort to those in the volunteering and voluntary organisations today by the lack of mention of their role and their disappointment at the summary return to the Home Office? Will he pay tribute to Nicholas Ward and the "Make a difference" team for all their work? Does he agree that worthwhile activities for young people are extremely important if they are to be prevented from becoming involved in crime?

Mr. Straw: I am delighted to pay tribute to the voluntary sector, when I am asked a question about it.

Crime Prevention

23. **Mr. Connarty:** To ask the Secretary of State for the Home Department what plans he has to consult local authorities on crime prevention matters. [5532]

Mr. Michael: As we recognise that local government is crucial to the effective prevention of crime, we shall be giving local authorities and the police service a new joint duty to develop statutory local crime prevention partnerships. I have already had some preliminary discussions with local authority and police representatives about the proposals, which are generally welcomed, and I shall continue to consult closely with them as the proposals develop.

Mr. Connarty: I thank my hon. Friend for his reply. I take the point made earlier that many disruptive neighbours are not council tenants. However, the chief executive of my local authority sees the origin of disruptive and implacable tenants in terms of the Tenants Rights Etc. (Scotland) Amendment Act 1980. Will my hon. Friend take issue with him about the contents of that Act and try to give back to local authorities the powers that people want them to have over disruptive tenants, including the power to remove their tenancies should they continue to terrorise their neighbours?

Mr. Michael: I recognise the nature of the problem that my hon. Friend describes, but it is for other Ministers to address tenancy issues. As part of the crime and disorder Bill later this year, we shall be introducing the community protection order which, irrespective of whether housing is rented or owned and who is the landlord, will provide a means by which the police and local authorities can tackle violent and disruptive neighbours who, as my hon. Friend rightly says, have made people's lives a misery in communities up and down the country.

School Standards

3.30 pm

The Secretary of State for Education and Employment (Mr. David Blunkett): Before I begin my statement, on behalf of the whole House, I should like to offer condolences to the parents and family of the 16-year-old girl who was killed and of those who have been injured in the bus crash in the French alps, involving children from St. James's high school in Bolton. We all send them our best wishes.

With permission, I wish to make a statement to the House setting out proposals in the White Paper, "Excellence in schools".

My right hon. Friend the Prime Minister has made it clear that education is the Government's No. 1 priority. Our consultation document and the Budget announcement of an increase of almost £2.5 billion in revenue and capital investment in education demonstrate that commitment and our priority. We shall publish a separate consultation paper on special educational needs.

Our proposals focus clearly on the central task of raising standards. We are establishing a new partnership for schools—one with teachers and the profession. Self-improvement is at the core of success. Schools must take responsibility for accepting that challenge. Good schools will flourish. Our proposals offer increased support through the new standards and effectiveness unit to schools in need of improvement. We shall build on best practice from around the world. We have set up the standards task force to spearhead our crusade to raise standards throughout the education service.

The new role for local education authorities will reflect our priorities by focusing on raising standards, not controlling schools. Intervention by LEAs will be in inverse proportion to success. All schools and local education authorities will establish challenging targets as part of the development plans on which they will be judged.

What we propose today will make a difference for everyone involved in the education of our children—parents, teachers and non-teaching staff, governors and the wider community. Our early years plans will lay the ground work, but, to provide a firm foundation, the best teaching methods must be available in every classroom in the land.

Our national literacy and numeracy strategy will ensure that all primary teachers are trained to use the most effective teaching methods. There will be a structured hour devoted each day to both literacy and numeracy in all primary schools.

Parents are a child's first teacher. They deserve better information and advice in order to increase their involvement in their child's learning. Home-school agreements will set out rights and responsibilities for home and school. They will explain clearly what is expected of the school, the parent and the pupil. Such agreements will make clear the need for regular and punctual attendance, good discipline and the vital role that homework can play in supporting learning in and out of school.

Parent participation in the life of the school is also vital. The provision of additional parent governors will be complemented by their direct representation on the education committee of their local authority.

We are offering a new deal for teachers: a new partnership between Government and all those involved in education. This Government value teachers, and will celebrate good practice. We will introduce a general teaching council, develop advanced skills teacher posts and provide comprehensive in-service training. There will be a new curriculum for initial teacher training, focusing on literacy and numeracy. A probationary year for all newly qualified teachers will continue their professional development.

We will introduce scholarships for the most outstanding teachers, encouraging them to spend a term sharing their knowledge and skills with others. A new awards scheme will recognise the success of individual schools.

This Government recognise that strong and committed leadership at every level is crucial. The role of the head teacher is critical to the success of the school. We will therefore strengthen head teacher training by introducing a mandatory qualification for all newly appointed heads. We will introduce a national training scheme for all existing heads, and overhaul the appraisal process for both heads and teachers.

Last week, I told the House how we would give young people hope through a new deal for the under-25s. Today's White Paper outlines a new approach to support areas of greatest disadvantage. Education action zones will draw together a range of initiatives in a partnership approach to raising standards. We will develop the specialist schools programme, so that such schools' innovative approach to teaching and learning can benefit the wider family of schools in their area.

The proposals that I have set out today will make failure less likely, but we know that problems still exist. Where teachers, schools or local education authorities are failing, we shall take decisive action. Children do not get a second chance at school, and the White Paper is a vital step in our crusade to raise standards and offer opportunity to all of them. Expectations and aspirations must be raised if we are to succeed. Fair funding, fair admissions and co-operation will reunite the education service. It is time to set aside the cynicism and the culture of complacency. This is a can-do Government working with a can-do service. Our children are our future and we owe it to them to give them the best possible start in life.

There is no more important task today than putting good intentions into practice. This Government will do just that.

Mr. Stephen Dorrell (Charnwood): I join the Secretary of State in offering condolences to the bereaved parents of the child who was killed, and the parents of those who were hurt, in the bus accident earlier today.

Does the Secretary of State acknowledge that many of the ideas in his White Paper demonstrate why its title should in truth be "Why Kenneth Baker was right"? Is the right hon. Gentleman aware that Conservative Members always welcome converts to our arguments and are pleased that the Government now accept the case in principle for a parents charter? We are pleased that they now accept the case in principle for teacher appraisal, for a national curriculum, for regular testing and for publication of the results of those tests. We are pleased that they now accept the merits of the structure of the Office for Standards in Education, including the idea of Ofsted examination of local education authorities,

which we advanced earlier this year. We are pleased that they accept the need for effective action on failing schools. We are pleased that they accept the need for baseline assessment of children starting out on their school careers and we are pleased that they accept the case for a national qualification for new head teachers. Those are all principles and policies that the Government have picked up from their predecessors and we welcome the fact that they have done so.

Most of all, it is to be welcomed that the Government now accept the principle, as set out clearly in the statement, that the key to successful management of a school is that the school itself must accept responsibility for the quality of the education that it delivers to its children, and that intervention

"by LEAs will be in inverse proportion to success."

Does the Secretary of State agree that that principle, as set out in his statement, is fundamental for the good management of a school system? If he accepts that that is the fundamental principle, does he accept also that there is considerable cause for concern elsewhere in the White Paper? On page 25, for example, he requires schools to draw up annual plans, which must be approved by the local education authority. There is not a requirement to wait and see whether the scheme is a success. Every school, according to the White Paper, must have its plans approved by the LEA.

What will be the power of the LEA over those plans? Will the LEA have power to change the judgment of the head and teachers of an individual school on how they want to develop their teaching methods? Will the LEA have power to change the judgment within the school if a school wishes to develop a particular specialism? Will the LEA have power to overrule governors and head teachers on resource allocations within an individual school?

How will the power of the LEA, in dealing with annual plans, relate to its obligation, set out elsewhere in the White Paper, to develop an education development plan for the whole of its area? If a particular school wants to develop a particular specialism in response to local need and the wishes of parents, will the LEA, in the Secretary of State's scheme of things, have the power to prevent that happening?

Most important, how can a school develop a specialism—the Secretary of State regularly says that he thinks that schools should be able to do so—when, on page 71 of the White Paper, he states that a school will not be allowed to interview parents or children—in other words, potential applicants—on any grounds other than establishing the religious denomination of potential applicants?

The Secretary of State's rhetoric about local management and the opportunity to develop specialisms is at variance with the detail of the plans that he has set out in the White Paper.

More generally, does the Secretary of State accept that when he says that the White Paper is about standards and not structure, he is introducing a false dichotomy? It is only by making schools responsive to the wishes of parents, but making them accountable to their local communities, that we produce the better standards that the right hon. Gentleman so often says that he wants to deliver. It is by undermining the independence of schools that we undermine the delivery of excellence. It is the independence of a school and its capacity to develop its own ideas that are the best assurances against capture of the school system, as we saw in the 1960s and 1970s, by fashionable education theory.

In that connection, the Secretary of State sets out in the White Paper a proposal for a general teaching council. I think that it is fair to say that the paper is vague about the exact scope that he envisages for the council. Elsewhere, the right hon. Gentleman has drawn a parallel between the general teaching council and the General Medical Council. He will know that the GMC is a regulatory body which is charged with the management of both professional competence and professional education. Is that what the right hon. Gentleman envisages for the general teaching council? If it is, how will he ensure that it is not captured by the latest fashionable theories? How will he ensure that there is not a damaging crossover between the functions of the Teacher Training Agency and those of individual employers within the school system?

On page 18 of the White Paper, the Secretary of State repeats his pledge that his commitment to a maximum class size for five, six and seven-year-olds can be paid for out of savings from the assisted places scheme. Is he aware that, according to *The Scotsman* last week, the Minister for Education and Industry, Scottish Office has already announced that in Scotland that policy does not work? *The Scotsman* stated:

"The Government will not legally enforce its manifesto commitment to reduce primary school class sizes in Scotland because not enough money will be raised by scrapping the assisted places scheme."

That is the argument which we have been advancing. Will the Secretary of State print an erratum slip to include in the White Paper when it is published, now that his hon. Friend has blown the gaff on that policy?

At the heart of the White Paper is a central weakness. The White Paper makes it clear that the Government believe that the key to better schools is a stronger local education authority. That theory has been disproved by history and rejected by 1,100 grant-maintained schools, which have chosen the path of greater independence.

The Government say that schools must take greater responsibility for what goes on inside them. The Government's problem is that they do not believe their own rhetoric. The Prime Minister has taught Labour Members new lines. They have memorised and repeated them, but they have not understood them. They stand witness to the limitations of learning by rote.

Mr. Blunkett: The decision—a correct one, in my view—to give the right hon. Gentleman the White Paper sufficiently in advance for him to read it does not seem to have encouraged him to understand it. I am sorry about that.

The right hon. Gentleman referred to Mr. Kenneth Baker and the great Education Reform Bill. If the Bill had worked nine years ago, we would not need to introduce the White Paper today. I give the then Secretary of State credit for introducing the training days which, I think, became known as B days.

The shadow Secretary of State asked whether I was copying Conservative policies. He gave as an example the suggestion that Ofsted should inspect local education authorities. I draw attention to the fact that we put that in our document "Excellence for Everyone" in December 1995.

[Mr. Blunkett]

The right hon. Gentleman cited as a further example qualifications for head teachers. We pressed hard for that to be mandatory, but the previous regime rejected the idea. I made a speech on it on 30 May last year and my predecessors had pressed for it when previous legislation was going through the House of Commons.

The right hon. Gentleman asked about the role of local education authorities—indeed, he stressed it. Throughout the White Paper, we stress the role of local management of schools. Of course, we make it clear that no local education authority can interfere with the internal priorities for the use of resources, which the right hon. Gentleman suggested. Plans will be drawn up with the local education authority, because they will form part of the development programme for the local education authority as a whole, on which it will be judged and schools will be judged.

We are speaking of a new era of co-operation, not the conflict between schools and local education authorities that was the hallmark of the previous regime. Of course we shall encourage specialisms within schools. We make that abundantly clear in the White Paper. We say that we want specialisms to build on the strength of schools, but to be shared as part of the family of schools in the neighbourhood—with other schools and the wider community. We shall encourage schools to do that.

Only two weeks ago, the Under–Secretary of State for Education and Employment, my hon. Friend the Member for Birmingham, Yardley (Ms Morris), announced 21 additional specialist schools. We shall announce more such schools in the days ahead as part of our strategy of developing education action zones in order to overcome divisions that exist in structure and in standards. We shall heal the wounds of the past and establish a general teaching council that incorporates all in the profession who are prepared to work with us. We shall pull together our education system, so that it serves the interests of children and not the dogma of politicians.

Mrs. Anne Campbell (Cambridge): The White Paper will be warmly welcomed in my constituency, where parents and teachers are most concerned about standards. It is often difficult to attract well-qualified head teachers—particularly to schools that have been labelled failing schools. Does my right hon. Friend have any specific proposals to solve that recruitment problem and, if so, will he outline them now?

Mr. Blunkett: My hon. Friend is right to draw attention to recruitment difficulties that affect specific specialisms as well as individual schools. We shall overcome that problem partly by raising the morale, motivation and self-esteem of the teaching profession generally. We shall be assisted in our endeavours by the development of the advanced skills teacher posts, which will enable us to reward those who are prepared to stay in the classroom rather than seek promotion by moving into management and leadership areas. Those posts will be complemented by fast-tracking teachers who show potential and who are interested in becoming managers and leaders.

In the end, the success of schools and the self-belief of teachers will make all the difference. I believe that the consultation paper and the steps that we shall take to implement its proposals will make all the difference to teachers' self-belief and confidence.

Mr. Phil Willis (Harrogate and Knaresborough): On behalf of the Liberal Democrats, I extend condolences to the family of the young person who was killed and to the families of the other young people who were injured in the traffic accident.

Unlike the shadow Secretary of State, the Liberal Democrats welcome the White Paper. We welcome also the fact that teaching has been put at the heart of our education system's future. We welcome the Government's attempts to create a partnership that involves the whole education world. That is in marked contrast to the deep divisions that have surrounded the education sector for the past 18 years. I was a teacher for 34 years and a head teacher for 20 years under the previous regime, and I can vouch for the fact that the whole of the teaching profession will welcome many of the ideas in the White Paper.

The Liberal Democrats welcome also the proposal for a general teaching council. That is long overdue and my party has campaigned for its establishment for many years. We hope that the Secretary of State will take very careful advice about the council's composition. He will have only one opportunity to get it right and ensure that the council wins the hearts and minds of the teaching profession and of parents and others who are affected by the schools system.

We are delighted that there will be a head teacher qualification, but we are saddened that there will be no systematic process of in-service education for teachers throughout their teaching lives. It is sad that teachers who entered the profession 30 years ago and have received virtually no training since then—apart from the exciting Baker days, about which we have heard already—believe that they are up to date. Teachers need continuous training.

We are pleased also that the Secretary of State has confirmed that the Government will be accountable. For the past 18 years, schools and teachers have been blamed for everything that went wrong in education. The previous Government never accepted any responsibility. We shall hold the Secretary of State and the new Government to account.

At the heart of the proposals—which we broadly welcome—is a statement that the Secretary of State has made on many occasions. It contains two words: fair funding. Quite frankly, without resources, excellence in schools will be no more than a wish list. In the current financial year, schools will find in their coffers £200 million less than they need. In 1998-99, there will be no additional resources to pay for the 55,000 extra students in our schools. By 1999, we must provide 100 per cent. funding for all four-year-olds, for which there will be no additional resources.

Our question to the Secretary of State—[HON. MEMBERS: "Hooray!"]—is quite simple. Does he believe that he can deliver all the promises and commitments in the White Paper on the resources that he has been allocated?

Mr. Blunkett: I welcome all the preamble to the hon. Gentleman's question. Before coming to the House,

he was a distinguished head teacher. The support of the Liberal Democrats is welcome. Yes, we shall consult widely on the general teaching council. The answer to the question whether I believe that we can implement our proposals with the 5.7 per cent. increase in funding for next year and the capital that has been allocated for investment is yes.

Several hon. Members *rose—*

Madam Speaker: Alas, I cannot welcome such a long preamble or a speech, even from a distinguished teacher. I did not want to interrupt the hon. Gentleman, because that was the first time he has spoken officially for his party. New Members in particular must realise that this is a time for questions. I shall allow only two questions each from hon. Members, and questions must be brief and must not be speeches.

Dr. George Turner (North–West Norfolk): I welcome the Secretary of State's confirmation of the option of having development plans not only for local education authorities, but for schools. As an ex-chairman of an education committee, I know that development plans often require resources. What does the Secretary of State have in mind to ensure that individual schools obtain the resources that they need for their development plans, and to ensure that they deliver those plans in the way that he desires?

Mr. Blunkett: I give an assurance that we shall provide support and help to schools that have difficulties putting together development plans. Specific resources will not be available for developing those plans, because many schools are already doing that within their managerial resources. However, there will be support for the development plans and targets set. That will be part of the overall programme of ensuring that we target resources fairly and openly where they are most needed.

Mr. Tim Boswell (Daventry): Given that the whole House will welcome the more evolutionary aspects of the Secretary of State's remarks, may I put to him a simple question? Does he or does he not agree with the Minister for Education and Industry, Scottish Office, that the equation, abolition of the assisted places scheme equals reduction of primary class sizes to under 30, does not add up?

Mr. Blunkett: Fortunately, I do not have to agree or disagree, because the question in Scotland is how to reduce to 30 the already agreed ceiling of 32, which is part of the conditions of service. Discussions on that are taking place, but I must make it clear so that there is no misunderstanding that resources from the phasing out of the assisted places scheme will be allocated across the whole of Britain and will not be confined to each individual nation within it.

Mr. Dennis Skinner (Bolsover): Does my right hon. Friend agree that, notwithstanding the extra money that was handed out in the Budget statement the other day, he will have to make some significant choices as to where some of the money will go? Will he bear it in mind that, notwithstanding Labour's success in some unusual areas in Britain, one of the problems that he will have to face is that, in the industrial heartland, as it once was, which includes his constituency and many other parts of Britain, they tend not to shout as loud as those in suburbia-land, where the pampas grass is 12 ft high? Does he understand that, in order to make the right choices, he ought to ensure that the infrastructure in schools in areas that have suffered hardest is looked at very closely?

Mr. Blunkett: I assure my hon. Friend that I shall be fair where the panthers roam as well as where the tigers hide—pampas grass or not. I am discussing with my right hon. Friend the Deputy Prime Minister how we can ensure that, through transparency, the distribution of resources from national to local and local to school level can be made fairer, and need is recognised and rewarded.

Mrs. Virginia Bottomley (South–West Surrey): Is the right hon. Gentleman aware that Conservative Members greet his White Paper with some incredulity, as the principles that his party have so long resisted are now being endorsed? Will he turn his mind to leopards? Is he suggesting that left-wing Labour authorities have changed their spots? Is he saying that all those who have disliked choice, selection and competition in all its forms over many years will now endorse the principles that he sets out? The difficulty lies not in constituencies such as mine, where the local authority has supported all the principles endorsed by the previous Government, but among his friends. How will they change?

Mr. Blunkett: I am not asking local authorities to embrace selection. I am not asking them to embrace unfettered market competition. I am asking them to work together in the interests of children. I shall ask them to do so in a way that is fair to schools and which involves local authorities not controlling, but supporting schools.

Mr. Tom Levitt (High Peak): I was educated entirely in comprehensive schools and I taught in comprehensive schools for 19 years. Does my right hon. Friend agree, first, that only comprehensive schools can provide opportunity for all, secondly, that comprehensive schools serve the many, not the few—and serve them well—and thirdly, that any return to selection at the age of 11 would be against the best interests of this nation because of the waste that it embodies?

Mr. Blunkett: That is the sort of question to which one can never answer no, when somebody is stood behind one. The answer to the question is that I and the Government are in favour of all-in schools that provide diversity on one campus. We are in favour of avoiding the way in which children were segregated and written off at the age of 11. We are in favour of building on their strengths as individuals, so that we can ensure that the many and not the few gain from our education system.

Mr. Andrew Rowe (Faversham and Mid–Kent): The Secretary of State seems to imply that he believes that teaching is a profession, yet much of his rhetoric also implies that he will tell the teachers how to teach. Is not an integral part of being in a profession establishing the ways in which it delivers the requirements of the standards that are set for it?

Mr. Blunkett: I have indicated that intervention will be in inverse proportion to success. I agree with the chief

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inspector of schools, who rightly pressed the previous as well as the present Government to ensure that the best possible methods of teaching are spread to all classrooms. That is why we have set up the standards and effectiveness unit, and that is why our task force on standards will ensure that those best methods of teaching are available to every child in every school in the country.

Valerie Davey (Bristol, West): Parents, governors and teachers in my constituency will welcome the White Paper, especially those linked with the teaching of those with special educational needs. If the Government are serious in their intention to provide quality education for all children, does not that necessitate a greater emphasis on the requirements of those with special educational needs?

Mr. Blunkett: I agree entirely with my hon. Friend and that is why, as well as the outline of our policies in chapter 4, we shall publish a separate Green Paper so that we can have a thorough discussion of special educational needs; of the preventive and remedial action that can be taken at an early stage, as part of our baseline assessment; and of the need to ensure that resources go to provide help where it is needed, rather than going through the process as currently happens with the tribunal system.

Mr. Dafydd Wigley (Caernarfon): As we shall probably have separate White Papers for Wales and for Scotland, will the Secretary of State confirm whether the mention of the general teaching council in the White Paper applies to England only or to Wales and Scotland? Will there be separate legislation for Wales and for Scotland, for the developments that the Government propose?

Mr. Blunkett: There is already a General Teaching Council in Scotland. While we shall consult widely to ensure compatibility, I understand that my right hon. Friend the Secretary of State for Wales and his colleagues wish to see a separate general teaching council developed in Wales.

Mrs. Diana Organ (Forest of Dean): The raising of standards requires careful monitoring of performance. Is my right hon. Friend aware of the concerns that have been expressed about Ofsted and the role of the chief inspector, Christopher Woodhead? What will Ofsted's role be in the future, and will the performance of schools and teachers be effectively monitored? Will we also inspect the performance of local education authorities in meeting the Government's targets?

Mr. Blunkett: In chapter 3, paragraphs 32 to 35, we set out the way forward following our discussions with Ofsted and the chief inspector. In paragraph 33, we spell it out that we have had discussions on quality, consistency and value for money, and we lay out five key areas in which further progress will be made. Part of that progress will be the inspection, with the Audit Commission, of local education authorities to ensure that the high standards that we expect of schools are reflected in the way in which local education authorities undertake their duties.

Mr. Tony Baldry (Banbury): The Secretary of State makes great play, understandably, of diversity in education. Both in his statement today and in articles in the national press, he seems to equate diversity only with technology, art and sports colleges. How much money will be allocated to create new technology colleges and other specialist colleges? Are we to assume from his statement and articles today that he sees grant-maintained schools as making no contribution to diversity in education? If so, why not?

Mr. Blunkett: Diversity exists within as well as between schools. The work of Professor Howard Gardner from the United States, on the intelligences that we all have and the way to develop them, is instrumental in our thinking about how to ensure that every child flourishes, whichever school they happen to attend. Of course, diversity can also exist in the different specialisms that schools engage in, whatever status they enjoy. We shall shortly announce a further range of specialist school proposals and the resources that we are prepared to allocate to them.

Mr. Tony McNulty (Harrow, East): Does my right hon. Friend agree that local education authorities remain a key strategic and supportive framework, and that the comments by the shadow Secretary of State show that he seems to care more about selection, privilege and the destruction of LEAs than about achieving the standards of excellence outlined in the White Paper? Sadly, like his predecessors, he seems to serve the god of dogma far more than he does the interests of our children.

Mr. Blunkett: One of the reasons why the shadow Secretary of State's predecessor did not vehemently attack local education authorities in the way that she was encouraged to do was that she had some experience of them. I have always said that if local education authorities did not exist, we would have to invent them. They are there to provide a wider education service, to give support and backing and to articulate the needs of parents. We expect them to do that in a new era, with a new view of the way in which delegation will be extended, and in which they will play their part as facilitators and supporters of the lifting of standards. I am delighted to say that local education authorities, through the Local Government Association, have welcomed that role and will work with us to achieve our aims.

Mr. Jonathan Sayeed (Mid–Bedfordshire): The Labour party in government seems to be proposing many policies that the Labour party in opposition was against. That opposition caused friction in schools and damaged the education of young children. Does the Secretary of State feel any shame about what Labour did in opposition?

Mr. Blunkett: I would have to give the hon. Gentleman nul points if I were marking his exam paper. It is important that we concentrate on working together to achieve what is set out in the White Paper, rather than on seeking party political ways to knock each other. We set out our programme in a series of papers before the election, in which we indicated that although the previous regime revealed what was wrong, it failed to set out a programme to rectify it. The White Paper puts that right by providing a coherent programme to examine what is wrong and to do something about it. That is a positive way forward—not a knocking shop.

Ms Joan Ryan (Enfield, North): Parents will welcome my right hon. Friend's recognition of the importance of

their role, and they will be keen to have further details. Clearly, he agrees that parents have a vital role, but does he further agree that it is not just a role, but a responsibility? How does he intend to ensure that parents are fully involved in the education of their children, as they are key players, along with teachers and pupils?

Mr. Blunkett: I agree enthusiastically with my hon. Friend. We should offer support and help from the moment a child is born—such as a health visitor providing stimulating and interesting development material—and encourage parents to play their part in integrated early years education and child care facilities, including the 23 early excellence centres that we shall establish. I include also home-school agreements, which should be available in all schools and should set out not only what a parent can expect from a school, but what a school should expect from a parent in terms of getting a child to school, the discipline of the child in school and the ability to support and help the child with his homework after school. Regrettably, there are parents who write off their children's education through disinterest or by dismissing the importance of the education system. We shall have to work with them and with schools to overcome that ignorance and to ensure that everyone knows that education is, in the words of a French philosopher, a "treasure within".

Mr. William Cash (Stone): Does the Secretary of State accept that severe distortions have been created by the standard spending assessment and area cost adjustment system? Does not his foreword to the White Paper state that "an end to cut-backs" is needed for success? Will he ensure that Ministers responsible for local government and Treasury Ministers review the SSA, to ensure that there is a proper distribution of resources?

Mr. Blunkett: The hon. Gentleman may have heard what I said to my hon. Friend the Member for Bolsover (Mr. Skinner)—they are reviewing that system. As I said to the hon. Gentleman last Thursday, it is a bit of a cheek for someone whose party, when in government, did what it did in Staffordshire, to come and ask us to put it all right after nine weeks in office.

Mr. Ian Davidson (Glasgow, Pollok): Will my right hon. Friend clarify how he intends to combine his drive to raise standards with the additional capital that the Chancellor of the Exchequer has announced for education? In particular, does he intend to offer incentives to local authorities with declining rolls to rationalise provision and to raise standards in their area?

Mr. Blunkett: It is very important that authorities that are taking steps to rationalise provision to eliminate unneeded vacancies in schools are assisted and supported through the additional capital, but we shall also be using the education action zones to target and support areas of particular need. I must make it clear that there is no question of providing capital to schools based on their past examination results; nor would there be. We shall be paying particular attention to the 600 primary schools that have outside toilets—what a scandalous legacy that is from the previous Government.

Mr. Graham Brady (Altrincham and Sale, West): May I commend to the Secretary of State schools in my constituency as a beacon of excellence and a model for schools throughout the country? I must point out that Altrincham and Sale has good grammar, high and comprehensive schools, which provide an excellent education to children of all backgrounds and abilities. Parents in my constituency, many of whom moved there for those excellent schools, welcome the statement, as I do, that this is about standards and not structure. May I take that as a guarantee that my grammar schools are safe?

Mr. Blunkett: We repeat in the White Paper that we shall be consulting on the proposal that we put forward during the general election as regards any change in the 11-plus and the admissions policies of the historic grammar schools. This afternoon, we are laying out our objective to ensure that in time no one has to move house to get a school of excellence, because schools with different objectives and diversity will offer the standards of which the hon. Gentleman is rightly proud, for the children of parents in his constituency.

Ms Joan Walley (Stoke–on–Trent, North): May I say how much parents and teachers in Staffordshire will welcome the statement? I make no apology for shouting loudly that we want an education action zone in Stoke-on-Trent, and I remind my right hon. Friend of his visits there on several occasions. It is crucial that we deal with deprivation and the anomalies that the previous Government gave us in terms of the standard spending assessment, about which the hon. Member for Stone (Mr. Cash) knows only too well. We want further funding for education, not least so that we can get proper IT facilities in all our schools.

Mr. Blunkett: I agree entirely with my hon. Friend. I said in my statement that fair funding as well as fair admissions would be the key to success for the future. I will merely say, with a twinkle, that there will be only 25 education action zones in the beginning, but if I were being mischievous, I might say that we could move to 419 over the life of this Parliament.

Dr. Liam Fox (Woodspring): If the Secretary of State agrees with the Minister for Education and Industry, Scottish Office that phasing out assisted places in Scotland will not provide enough money to reduce class sizes to 30, why should it be different in England and Wales? Why should we believe the right hon. Gentleman in that case?

Mr. Blunkett: I think that we have had that question already. I refer the hon. Gentleman to the answer that I gave a few moments ago.

Mr. John Gunnell (Morley and Rothwell): What will my right hon. Friend do about the opposition groups that may develop, perhaps from schools that represent a particular interest, or engendered by the Opposition, who knows? From a different point of view, let us suppose that there was opposition from the general secretaries of teaching unions. How would he ensure that there was a concentration on raising standards in schools? How would he allow fair debate, without allowing his wishes to be thwarted?

Mr. Blunkett: We have made it clear that we are setting behind us the scramble of vested interests, but we

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are also keen to give people the opportunity to join in a partnership, as part of the family with us. When people have had a chance to read the White Paper and its summary version and to view the video that we have produced, I hope that they will feel able to join us, whatever their political persuasion.

This is not a matter of party politics. It is about whether we care to join in unity on the things on which we agree. Although the shadow Secretary of State raised a few gripes at the end of his contribution, I was under the impression that he welcomed the thrust of the White Paper. I challenge him and his colleagues to say whether they will join us in the interests of the children of this country.

Mr. Christopher Fraser (Mid–Dorset and North Poole): Given the recent birth of a child to a 12-year-old schoolgirl in my constituency, has the Secretary of State any plans to review the quality and implementation of sex education in secondary schools? Will sex education form part of the overhaul of the system at which he is looking? Does he have any views on teaching sex education at pre-secondary school level?

Mr. Blunkett: I could make a whole statement on the subject. I have had discussions with the Minister for Public Health about how we can develop a healthy schools programme, and she has been speaking about that at a conference today. I believe that sex education is crucial to the well-being of the young person concerned and to the life of their family and community.

I remind the hon. Gentleman of the debate that took place some years ago in the Health Education Authority—the Health Education Council as it was then—when the previous Government were vehemently opposed to the extension of sex education. It needs handling with enormous sensitivity, particularly at the age we are discussing here. It needs handling by parents and not just by schools. Parents carry an enormous responsibility in ensuring that they bring up young people to understand and respect their bodies.

Caroline Flint (Don Valley): I am sure that my right hon. Friend is aware that despite 18 years of Conservative policies, it still takes up to two years to remove an incompetent teacher from the classroom. That is unfair not only to the teachers in the school who are doing a good job, but to our children who get one chance at a decent education. What plans does my right hon. Friend have to make sure that we have a fair but fast way in which to deal with under-performing teachers?

Mr. Blunkett: We are discussing with the teachers' unions and local education authorities proposals for ensuring that the procedures are fair to teachers, fair to the school and, above all, fair to the pupils in the classroom. We shall offer support wherever and whenever we can, but, at the end of the day, we have to put the child's interests first. We would no more expect children to be taught by teachers who cannot do their job than we would travel in a high-speed train driven by a driver who was incompetent or travel in an aeroplane flown by a pilot who could not do the job.

Mr. Bernard Jenkin (North Essex): If the right hon. Gentleman is looking for consensus on educational issues between the two main parties and if Mr. Chris Woodhead is at the heart of the process, we may well be on the path to consensus, although the Secretary of State may be leaving one or two of his Back Benchers behind. Will he reiterate his manifesto pledge, at least for England and Wales, by telling us that he believes that the resources from the assisted places scheme will reduce class sizes in primary schools on time?

Mr. Blunkett: Yes.

Mr. Jim Murphy (Eastwood): The White Paper will set out an agenda for educating the final generation of schoolchildren in this millennium. I should like to hear more today about my right hon. Friend's and the Government's plans for the use of new technology, so that everyone has a fair opportunity in the next millennium.

Mr. Blunkett: This is a very important part not merely of integrated learning systems in education, but of the preparation of young people for the new century. We say in the White Paper that many children will be living in the second half of the 21st century and will need those skills. Investing some of the capital that was allocated by the Chancellor of the Exchequer and linking that with public-private partnerships for not only wiring up and using the Internet for schools but developing the learning grid will be critical, as will links with the university for industry's post-school education scheme. Together, we can do that and ensure that technology and information are available to all children, wherever they live.

Mr. Michael Fallon (Sevenoaks): Does the notion of fair funding mean that a proportion of the grant-maintained schools' budgets will be transferred back to local education authorities? Can the Secretary of State further clarify the position of grammar schools? Is it the case, under the chapter 7 proposals, that Kent's existing grammar schools could face sudden death if there were local ballots?

Mr. Blunkett: I make it clear that fair funding means that no school receives additional funding purely on the basis of its status. The allocation of existing funding is under discussion and will be dealt with fairly, on the principle that we do not intend to damage the interests of the children in those schools. On grammar schools, we are not interested in sudden death for any school. We are talking about allowing parents to make decisions about what they believe to be the fairest admissions policy in their area.

Ms Margaret Hodge (Barking): May I warmly welcome both the statement and the White Paper, which I regard as a defining moment in moving forward towards our objective of raising standards for all our children? What steps and powers does my right hon. Friend think that he will need to take to tackle under-achievement among boys?

Mr. Blunkett: Given the enormous disparity whereby 60 per cent. of girls but only 40 per cent. of boys achieve high-grade GCSEs in English, my hon. Friend is right to draw attention to the matter. As mentioned in the White Paper, we shall follow through the work of the Under-Secretary of State, my hon. Friend the Member for

Yardley, when she published a document entitled "Boys will be Boys" at the end of last year. We are determined to overcome alienation and disaffection and to engender an interest in vocational education and training among young people to link them with the world of work, and so ensure that they are re-engaged with a belief in themselves and in their ability to earn their own living and create their own families.

Mr. Dale Campbell-Savours (Workington): I understand that education action zones have to meet a size threshold. My right hon. Friend knows that there are pockets of educational deprivation in rural areas and, if I may say so, in my constituency. Should not we examine size thresholds, to allow small deprived areas into this innovative policy arrangement?

Mr. Blunkett: I am happy to examine the valid point raised by my hon. Friend. We have said that, as a principle, a minimum of two secondary schools seems appropriate. However, I accept that areas only five miles apart can have a ridge between them, which makes it impossible for people to join together in the way that we would wish.

Point of Order

4.26 pm

Mr. Malcolm Bruce (Gordon): On a point of order, Madam Speaker. On Thursday in business questions, the Leader of the House said that the draft Finance Bill would be published in advance of Second Reading. It was published late on Friday afternoon, by which time many hon. Members were not here. It contains 53 clauses and eight schedules. Eighteen of those clauses relate to tax credit proposals that were not in the Government's manifesto; they are very much new proposals. We finish the Budget debate today and Second Reading is on Thursday. We do not yet have a Treasury Select Committee. It has been revealed that, apart from taking additional taxes not advertised in advance, the Government have cut public spending by a further £5 billion next year, without it being adequately debated. Can you advise what we can do to ensure that such important matters are given proper time for serious consideration in advance of debates? If this becomes a precedent, that will be impossible, which is unacceptable.

Madam Speaker: The President of the Council made the position quite clear on Thursday after a number of similar questions were put to her. The draft Bill was published on Friday and available to all hon. Members. It has also been on the Internet. The Table Office will be open tomorrow for the tabling of amendments to the Finance Bill.

Hairdressers Registration (Amendment)

4.27 pm

Mr. Austin Mitchell (Great Grimsby): I beg to move,

That leave be given to bring in a Bill to amend the Hairdressers (Registration) Act 1964 to provide for the regulation of the hairdressing industry; the training and mandatory registration of hairdressers; a complaints and compensation scheme for the protection of customers; the development and improvement of professional standards in hairdressing; and for related purposes.

I introduce this Bill with particular pleasure because it is unfinished business. It was due to have been introduced on 25 March, when the then Prime Minister, panicked by the fact that he was about to be defeated on my Bill, suddenly announced the dissolution of the House, that all the legislation in progress would be scrapped, and that my Bill would not be heard, to avoid defeat. He was duly punished by the country, which is anxious for my Bill.

This is also unfinished business because it completes the intention of the Hairdressers (Registration) Act 1964, which provided for a framework of registration and set up the Hairdressing Council, of which I am a member. The council was created to supervise courses and examinations, to investigate hairdressing and to discipline hairdressers.

That Act did not take the necessary next step to make it all work by making registration compulsory. As a result, we have approximately 110,000 hairdressers in this country, but just 13,000 of them are registered. The industry has a turnover of £2.5 billion a year, but it is largely unregulated. Consumers believe it to be regulated, however, because a survey conducted by the Consumers Association in 1993 found that most people thought that their hairdresser was registered, insured for liability and accountable. Many hairdressers are none of those things.

My Bill is a short back and sides measure. It aims to achieve three principles, the first of which is registration. That basic principle applies everywhere in hairdressing in Europe apart from Greece—I do not go there often for my haircuts—and Ireland. An anomaly exists whereby those who fail to qualify in France or Germany can come here and set themselves up in Grimsby as Anatole of Paris. The best qualified hairdresser in this country, however, is not allowed to set up in Paris as, romantically, Fred de Grimsby, and attract business. Our qualifications are not recognised there. Our hairdressers must be registered to bring them into line with Europe.

Secondly, the Bill would require hairdressers to receive training, and that existing training should be upgraded. There are some excellent courses that lead to good qualifications, for example, national vocational qualifications, but there is no requirement on a hairdresser to have such training before setting up a business. The requirement to register would provide the structure to deliver that proper training.

The United Kingdom has some of the best hairdressers in the world. According to this morning's papers, we even sent hairdressers to America to show our art. However, we also have some of the worst hairdressers in the world, back-street hairdressers who are allowed to dress hair without any regulation or control.

Thirdly, the Bill would protect the consumer, because this is an industry in which, should things go wrong, the consequences are often severe for the consumer. It is an industry which works with dangerous chemicals, dangerous processes and dangerous equipment. If those are used by unqualified, untrained hands, one can end up with all kinds of horror stories. *The Guardian* reported in March what happened to Lizzy Akerman:

"'Afterwards my head came up in blisters which turned to revolting scabs.' When she went back they were unapologetic. 'I said, 'Look what's happened to my head!' and he said 'Oh yeah, that happens to me all the time—horrible isn't it?'"

The Hairdressing Council also recounts complaints that have come before it. For example, an elderly widow was traumatised by bad hairdressing. After a visit to a salon, her hair began to come out in clumps. She was so distressed that she could not go out for a fortnight until her daughter visited her, called the doctor, and bought her wig to enable her to go out in the world again. Another lady was left in tears because her hair had turned green and she felt unable to go to her daughter's wedding the next day. A 17-year-old who wanted highlights ended up with blisters and burns to her ears and scalp.

Those horror stories are repeated all over the country. The Hairdressing Council receives more than 3,000 complaints a year, but it cannot act if the hairdressers are not registered. When there is an accident, people can take the hairdresser to court. I have great respect for the law and some of my best friends are lawyers, but they charge rather more than a hairdresser. The process of taking someone to court on a consumer matter of damage inflicted by hairdressing is uncertain, expensive and inefficient. Many people do not bother.

If we had a method of registration, there would be a framework of control and discipline to stop bad practice. It would include a requirement to insure and a requirement on the industry to set up a compensation fund to compensate the consumer when things have gone wrong. That could be paid quickly without resort to law and would allow the industry to regulate itself, as it wants to do.

Everyone I have spoken to in hairdressing about the Bill is in favour of its principle because they know that cowboy, inefficient, untrained hairdressers reflect badly on the industry. They prevent people from using hairdressers with trust, based on a proper relationship.

There is no other way to improve the industry than through registration and self-regulation, but whenever we put that proposal to the previous Government, they simply repeated, "caveat emptor". I am not sure whether they knew what it meant, because the Conservative party is no longer classically educated. They said that the market will regulate these things, but it does not. How can the buyer beware or rely on market regulation when they do not know how bad the hairdresser is, after which their scalp comes up in blisters, their hair turns green or begins to fall out? That is no solution to the problems of hairdressing. It is just nonsense.

We need registration to upgrade skills, to insist on proper training, to protect the consumer. The upgrading of skills and the protection of the consumer will, I know, appeal to the Labour Government who now hold power. Indeed, I am happy to offer my Bill in its draft state to them as a Government measure to deal with the problems in the industry. It may not be the best-written Bill, because my skills as a legislator are about the same as my skills as a hairdresser—pretty inadequate—but I hope that the Government, who have expressed support for these principles in the past in meetings between shadow Ministers and the Hairdressing Council, will act on the principles contained in the Bill. I hope that this measure will show them the way.

4.35 pm

Mr. Anthony Steen (Totnes): It is with great regret that I have to oppose the Bill, because the hon. Member for Great Grimsby (Mr. Mitchell) introduced it with considerable style, as one would expect, and one recognises his integrity and belief in the measure.

I have to oppose the Bill because, for 18 years, the Conservative Government recognised the danger of over-regulation, particularly the effect that it has on small firms and jobs. The Conservative Government set up a deregulation task force. We had a Minister with responsibility for deregulation, and the then Deputy Prime Minister himself was the supremo responsible. The Labour Government have no ministerial responsibility to prevent over-regulation. The hon. Gentleman has already started on the slippery path of more and more rules and regulations, which Conservative Members have always opposed.

I wonder whether the hon. Gentleman has thought of the consequence of registering 110,000 hairdressers. First, not hundreds but thousands of inspectors would be needed to enforce the rules and regulations; so many would be needed because they would need time for their hair to grow before they could go back to the hairdresser to enforce the rules and regulations that the hon. Gentleman proposes. The cost of hairdressing would go up because regulatory arrangements always put up the cost of a product, so the cost of going to the hairdresser would be much more expensive. In fact, it would be so costly that there would be queues of people needing a hairdresser because of the number of hairdressers who would go out of business. As regards bad hairdressers, they simply lose custom and ultimately go out of business.

The Bill seeks to regulate hairdressers. Where will it stop? There is no limit to the number of people in business whom we could regulate, and have officials enforce those regulations. There would be people snooping behind bay trees, looking into hairdressers. The whole thing would get out of control. I just wonder how many hon. Members have had the problem of blisters on their scalp or their hair turning green. I do not know anybody whose hair has turned green after visiting the hairdresser, or whose hair has fallen out as a result.

This is a totally unthought-out Bill. It is ridiculous in its proposal. Its consequences are expensive and there is no merit in starting to pass more rules and regulations—the Government have not done so, but their Back Benchers want to.

I oppose the Bill because it is the start of the slippery slope, where rules and regulations will be imposed on our way of life. I am sure that the hon. Member for Great Grimsby has better things to do than regulate 110,000 hairdressers.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mr. Austin Mitchell, Mrs. Jackie Ballard, Mrs. Ann Cryer, Barbara Follett, Mrs. Teresa Gorman, Miss Anne McIntosh, Mrs. Alice Mahon, Dr. Jenny Tonge and Mrs. Ann Winterton.

Hairdressers Registration (Amendment)

Mr. Austin Mitchell accordingly presented a Bill to amend the Hairdressers (Registration) Act 1964 to provide for the regulation of the hairdressing industry; the training and mandatory registration of hairdressers; a complaints and compensation scheme for the protection of customers; the development and improvement of professional standards in hairdressing; and for related purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 28 November, and to be printed [Bill 39].

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [2 July].

WINDFALL TAX

Motion made, and Question proposed,

That provision may be made for imposing a tax on the amount of the windfall from which a company was benefitting on 2nd July 1997 in any case where—

(a) an undertaking whose privatisation involved the imposition of economic regulation has been privatised by means of a flotation; and

(b) the profits of the undertaking in the period after the flotation show that the company was benefitting on that date from a windfall from that flotation.—[*Mr. Gordon Brown.*]

Question again proposed.

Budget Resolutions and Economic Situation

4.41 pm

The Secretary of State for Health (Mr. Frank Dobson) *rose—*

Mr. Andrew Tyrie (Chichester): On a point of order, Mr. Deputy Speaker. I wish to draw attention to what I think is a breach of a long-standing principle of the way in which the House handles tax changes and their announcement. As far as I can tell, in the press release on venture capital trusts and enterprise investment schemes, the normal procedures have not been followed. The tests of whether those changes can be made do not seem to have been specified, so people will have to wait nine months, until the next Budget, to find out whether they can even make an investment.

That amounts to a tax change by press release. It is well-established practice that tax changes that are effective from the day of the Budget are referred to in the Chancellor's speech so that the House and taxpayers are immediately made aware of them. That has not been done in this case. Is that not a breach of a long-standing principle of the House?

Mr. Deputy Speaker (Mr. Michael Lord): Everything contained in the resolutions has appeared in the normal order. I think that everything has been done correctly.

Mr. Dobson: Before I was so kindly interrupted by a former adviser to former Treasury Ministers—people such as the unlamented prospective Member for Harrogate and Knaresborough—I was about to say that at the last general election we promised to give a high priority to the national health service. Last week, we backed up that promise with money—a lot of money. We announced a £2.5 billion programme to make a start on modernising the national health service and getting it into shape to meet the needs of patients in the new century. We announced £1.2 billion extra cash for patient services—£1 billion for England alone—together with a £1.3 billion hospital building programme. The NHS certainly needed that injection of funds.

Under the previous Government, 59 of the 100 health authorities entered this financial year in debt, as did 128 of the 429 NHS trusts. Capital investment has fallen for four successive years and is at its lowest for a decade.

The previous Government's private finance initiative plans to get private finance into the NHS had failed to finance a single hospital, but had cost more than £30 million in fees paid out to financial and legal advisers and consultants. Vast sums of money were being squandered. Instead of being used on patient care, millions of pounds were being used to meet the costs of the paperwork of the internal market introduced by the previous Government.

Mr. David Heathcoat-Amory (Wells): The right hon. Gentleman referred to the allocation from next year's reserves. Will he confirm that that means not a penny of extra money for the NHS in the present financial year? Owing to the higher inflation projections announced in the Budget and the fact that the cash allocations will be exactly the same as those that the right hon. Gentleman has inherited, there will be an expenditure squeeze on the NHS for this financial year. Will the right hon. Gentleman confirm that that is the case?

Mr. Dobson: I think that the right hon. Gentleman is trying to get me to confirm that the figures produced when he was a Treasury Minister were not sufficient to meet the needs of the national health service. That is apparently his view.

Above all, vast sums of money were being squandered under the previous Government. The money was being used to fund the paperwork of the internal market introduced by the previous Government. Until the Tory Government introduced the internal market, the administrative costs and the paperwork of the NHS had been kept to a minimum.

The Tory internal market was intrinsically inefficient and wasteful. It depended on a payment system that has fuelled the production, transmission and payment of millions of individual invoices. That system has gobbled up money that should have been used to treat patients. Everyone knows that; no one, apart from the Tory party, now defends the internal market.

Since I became Secretary of State, I have not met anyone connected with the NHS who will say a good word for the internal market—and I have met some of its former exponents. Everyone tells me that the internal market has to go. Some people have publicly recanted their earlier beliefs; others have told me that they were never believers in the first place; others have tried to convince me that they were secret members of the resistance all along.

As I am not a vengeful man, I have declared an intellectual amnesty. I do not mind what people said or did before 1 May this year; all I ask is that they practise what they now preach. Therefore, I confidently expect everyone in the NHS to join our campaign to ensure that, in future, every penny that goes into the NHS counts towards the treatment and care of patients.

Mr. John Townend (East Yorkshire): Can the right hon. Gentleman give an estimate of how many

redundancies are likely to be caused by this great movement from administration and bureaucracy to patient care—when managers are converted into nurses?

Mr. Dobson: No.

We promised to shift money from bureaucracy to patient care. As soon as we came into office, I set in train new measures to tackle the waste caused by the internal market. We raised to £100 million the savings on paperwork to be made this year. New guidance was issued to health authorities, trusts and fundholders, telling them to work together to reduce the cost of invoicing. I deferred the eighth wave of fundholding, which released £20 million that would otherwise have gone on paperwork. Some £10 million of that money has already gone into improving breast cancer services and £5 million has gone into extra funds to improve children's intensive care.

Everyone recognises that there are too many NHS trusts. We therefore intend to encourage a major programme of trust mergers. Each merger will be judged on its merits—with improvements in service to patients, as well as reduced costs, the key to its success. As a result, we have no national target figure for mergers, but mergers involving about 50 of the existing 429 trusts are already being considered.

Mr. Malcolm Bruce (Gordon): I assure the right hon. Gentleman that he will have our full support in all his efforts to increase efficiency, remove bureaucracy and deliver better patient care. Will he, however, acknowledge that the adjustment in the inflation figure for this year means that he will have to find an extra £350 million merely to stand still? According to a note that I have received from the House of Commons Library, of the £1.2 billion forecast for next year, the net increase is £410 million at 1995-96 prices. Is that not the reality? If it is, how does the right hon. Gentleman intend to fund the difference?

Mr. Dobson: I am not going to take any lessons in the financing of the national health service from the Liberal party, whose Members are apparently gibing at our commitment to provide £1.2 billion extra for next year when, in their election manifesto, they promised only £540 million extra for next year.

The Minister of State, Department of Health, my hon. Friend the Member for Darlington (Mr. Milburn), is heading a task force that is identifying further savings, which will switch more money out of paperwork and into patient care. Those include reducing the cost of routine staff recruitment and reducing transaction costs that, under the existing system, leave some individual patient transactions costing as much as the cost of 80 other such transactions. Those sort of changes can be made by modifying the existing system, and they are being made.

Much greater savings should follow the replacement of the internal market by a system of local commissioning. To make sure that the savings that should follow do follow and that we have the best and most cost-effective new arrangements, we will put in place a number of pilot schemes for local commissioning and draw on existing best practice. I have already arranged for the Audit Commission to be involved in that process, so that a proper audit trail and cost effectiveness are built in from the start.

It was not only in the generalities of the workings of the internal market that the previous Government let so much money go to waste. Huge sums of health service money have been paid out unnecessarily, and spectacular sums of money due to the health service have not been collected. The previous Government paid little or no attention to those matters and, as a result, the NHS has been denied the use of the money, services to patients have suffered and the job of the staff has been made more difficult. The failure of the previous Government to address those issues has also meant that there are no really reliable estimates of the sums involved or of the savings that can be made.

Let me start with prescription fraud. The overwhelming majority of patients, doctors and pharmacists are honest, but a small minority are not and they have been ripping off the NHS and the taxpayer. The previous Government did little to stop that. We are determined to tackle that huge drain on the NHS by introducing anti-fraud measures into the system and rewarding pharmacists who detect fraud. We also intend to ensure that the criminal justice system takes prescription fraud more seriously. As I have explained, I cannot give a firm estimate of the scale of prescription fraud or of likely savings, but estimates vary from £85 million a year, through £100 million a year, to more than £130 million a year.

The next item is the cost of insurance. The balkanisation of the NHS into 429 separate trusts has led to their spending more than £50 million a year in insurance premiums to cover themselves mainly against employer's and third party liability claims and damage to property. That was previously covered by Crown indemnity. We are examining what savings could be made, either by the trusts pooling risk, or even by the return of Crown indemnity. Estimates of the potential savings from those alternative approaches range from about £20 million a year to £30 million a year.

Next, there is the matter of NHS supplies, which we have identified as an area in which substantial savings can be made. An Audit Commission study estimated that £150 million in savings could be achieved over three years. We will also be looking at the NHS Supplies Authority, which accounts for roughly half of all supplies purchasing, with contracts of more than £1.75 billion a year.

Next, I come to the failure of the previous Government to make sure that the NHS actually collects the money due from insurance companies towards the cost of treating people injured in road accidents. That has been the law since the 1930s and was last renewed by Parliament by way of the Road Traffic Act 1988, which provides for a flat-rate emergency treatment fee for immediate medical attention and charges for subsequent in-patient or out-patient treatment. The process of collecting those sums and, in particular, collecting the charges for in-patient and out-patient treatment from insurance companies is extremely complex and erratic. As a result, the NHS receives only a fraction of the money due to it.

The current receipts under the 1988 Act for in-patient and out-patient treatment are believed to total around £20 million. Details of the income from the emergency treatment fee have never been collected centrally.

Mr. Rhodri Morgan (Cardiff, West): Has my right hon. Friend investigated alleged incidents in which

[Mr. Rhodri Morgan]

insurance companies offer a discount to those insured if they lie when asked questions by the hospital on their entry into hospital for treatment? They are given a discount if when asked, "Are you covered by insurance?" they answer no, even when the answer should be yes.

Mr. Dobson: I had not heard that, but it would seem to me that they are coming close to breaking the law themselves and to inducing other people to break the law.

Estimates of the sum that should be paid to the NHS range from £50 million a year, through £130 million a year, to an estimate by the Automobile Association of £440 million a year. We propose to legislate, though not to change the principle, which was established in the 1930s and affirmed as recently as 1988, that the NHS should be entitled to collect the money. We intend to legislate to put that principle into practice and do what Parliament voted to do, but previous Governments failed to do.

All those measures, taken together, should provide substantial funds for the NHS in future years and I am glad to say that my right hon. Friend the Chancellor of the Exchequer has agreed that any savings made by the NHS will not be offset by reductions in funding. Indeed, it would be more accurate to say that he and I believe that the increased funding for next year and subsequent years can be justified only if both the extra money and existing resources are spent on patient care and not squandered on bureaucracy, fraud and waste.

Mr. Edward Davey (Kingston and Surbiton): Hon. Members on both sides will welcome the Secretary of State's statement that the Government will find savings and plough the money back into the health service. However, can he tell the House how much the health authorities will have to spend on topping up their pension funds as a result of the removal of the advance corporation tax credit?

Mr. Dobson: For a start, I cannot tell the hon. Gentleman that. If they have to spend any more, no doubt we will be able to supply that information in due course. *[Laughter.]* Conservative Members laugh, but we face a flow of information to the headquarters of the Department of Health that is so pathetic that we cannot supply answers to such questions. Conservative Members have asked what would be the impact on the NHS of a national minimum wage, but they left us with an NHS that cannot tell us how many people are paid less than £2.50, £3, £3.50 or £4 an hour, because they decided not to collect that information three years ago and it has not been collected since.

Mr. Ian Bruce (South Dorset): Will the Secretary of State give way?

Mr. Dobson: No, I shall not give way.

Mr. Dale Campbell-Savours (Workington): Will my right hon. Friend give way?

Mr. Dobson: Yes.

Mr. Campbell-Savours: May I presume from my right hon. Friend's very informative response that the information that he referred to will be made available in future and that we will change the systems and ensure a far more accountable national health service? May I press him on one further point? He referred to the cash injection of £1.2 billion, but can he feel sure that that money will really get out to the NHS trusts and be equitably distributed, so that no areas will feel aggrieved?

Mr. Dobson: I am not sure that I can deliver on my hon. Friend's last words. It is in the nature of things that some of the health trusts will feel aggrieved—it is almost part of their job to feel aggrieved. However, we will make sure that every penny of that money gets out and is used for patient care, not squandered on bureaucracy as so much has been in the past.

We are also keeping our election promise to conduct a comprehensive review to assess how to use resources better and root out waste and inefficiency. The previous Government planned to—

Mr. Ian Bruce: How many bureaucrats will lose their job?

Mr. Dobson: The hon. Member for South Dorset (Mr. Bruce), who was so warmly endorsed by his electorate that he only managed to beat Labour by 77 votes, is apparently the only person in the Chamber who does not think that there is too much bureaucracy in the national health service. We can see why he won by only 77 votes.

Mr. Bruce: It may well be that those 77 people are about to be sacked by the national health service. The right hon. Gentleman refuses to tell us how many people will have to be sacked. In Dorset, the health service will have to find £1 million to pay for the reductions in bureaucracy. How can he respond to the question asked by his hon. Friend the Member for Workington (Mr. Campbell-Savours) by introducing more bureaucracy to gather more figures when he also says that he is going to cut bureaucracy?

Mr. Dobson: If the hon. Gentleman is saying that it will cost £1 million to save on bureaucracy, that is a further reason for his electorate to have reduced his majority in South Dorset to just 77.

The previous Government planned to increase spending on the NHS in England next year by £775 million. That would have meant a reduction in real terms. Labour promised at the general election that NHS spending would grow in real terms year on year. We are keeping that promise. Next year's total increase of £1,775 million amounts to real-terms growth of 2.35 per cent.—more than the real-terms growth in the last two Tory years put together.

Nevertheless, next year's settlement is very tough. It will, however, be augmented by the savings that we intend to make by reducing bureaucracy, waste and fraud. I look forward to working with NHS staff to do that and to improve patient care at the same time. That is what NHS staff and patients want. It is what the taxpayer wants and it is the Government's job to help to achieve it.

Part of the Government's contribution is to ensure that NHS staff have decent, well-equipped hospitals in which to work. The previous Government decided that new

hospitals should be built using private sector money under their private finance initiative which was first announced in 1992. Under the Tories, all hospital building schemes had to be PFI tested. Little or no advice was issued to trusts, which were allowed to go their own way. Advisers and consultants were recruited as and when the trusts felt like it. No effort was made to establish whether the legal status of the trusts met the needs of private sector partners.

Tory Ministers trumpeted the success of the PFI. Hospital building schemes were announced, re-announced and announced yet again. The Tories talked a lot and they spent a lot—30 million quid on consultants. But even now—five years after the PFI was launched—not a single PFI-financed hospital has been started. Not a brick has been laid.

When we took over in May, we were pledged to sort out the mess. That is another election promise which we have kept. The Tories talked about building hospitals; we will actually get them built.

I asked the Minister of State, Department of Health, my hon. Friend the Member for Darlington, to sort out the mess and he has done so. After a great deal of hard work by my hon. Friend personally and by officials in the Department of Health, the NHS Executive, the regions and the trusts, some order has been established. Priorities have been thrashed out and decisions have been taken. As a result, we were able to announce last Thursday a £1.3 billion hospital building programme—the biggest ever programme of new hospital building.

The programme includes the following 14 hospital projects: Norfolk and Norwich, Dartford and Gravesham, North Durham, South Buckinghamshire, Calderdale, Carlisle, Hereford, Wellhouse, Worcester, Bishop Auckland, South Manchester, South Tees, Swindon and Bromley. We expect building on all 14 new hospitals to begin within the next 18 months. Some will commence as soon as the National Health Service (Private Finance) Bill is enacted.

Progress will be strictly monitored to ensure that the schemes are delivered to price and on time. I realise that those involved in schemes that lost out in this round will be disappointed, but, as things stood, everyone was losing out. The whole system was in shambles. There were no national priorities and no national criteria. No decisions were taken.

We have selected the schemes that contribute most to the health needs of their locality and can be expected most rapidly to provide affordable, value-for-money new hospitals. Schemes that have not been given priority in the review will now be considered as part of a national capital investment programme involving public and PFI-funded projects. Some may be given the go ahead by next spring. The PFI will augment the Treasury's capital allocation for the NHS of £1.35 billion in 1998–99 and £1.39 billion for 1999–2000.

Mr. Michael Jack (Fylde): I have two simple questions for the Secretary of State. First, can he give the House an assurance that he will publish the details of the health needs criteria that he used in selecting the 14 projects that are to go ahead? Secondly, for the sake of clarity of language, will he confirm that it is not a hospital building programme guaranteed to deliver the 14 projects, but a remit to continue negotiations? Is it possible that the negotiations might fail?

Mr. Dobson: So far as I know, the details that the right hon. Gentleman requested are already in the Library and people in areas affected have been sent those details. If, by some freak of fate, they are not in the Library, they will be placed there. There is nothing secret about them. Secrecy is the last thing we want on this issue.

The right hon. Gentleman said that we cannot guarantee that all the hospitals will be built. He is right, but I am willing to bet that some of them will be built—

Mr. Stephen Dorrell (Charnwood): Some of them.

Mr. Dobson: Yes, some of them will be built. We will not have a period of five years in which none of them will be built. The former Secretary of State is yawping, "Some of them," from the Opposition Front Bench, but he and his predecessor did not get a single hospital built, so it would be more appropriate for him to keep quiet.

Mr. Andrew Lansley (South Cambridgeshire): The Secretary of State talks about some projects going ahead, but does he realise that his decisions have been deeply disappointing to those in my constituency who are associated with Papworth hospital? He talks about health service need in the context of local need. Papworth provides not only for local need, but for regional and national need. It is internationally renowned for heart and lung treatment, and the decisions made by the Secretary of State and his hon. Friends have brought to nothing a great deal of work that was put into the preparation of that PFI project.

Mr. Dobson: Unless my memory is playing tricks on me, one of the main reasons why Papworth was not included in the first round was that the scheme had not made sufficient progress. I cannot recall how many points it was awarded for meeting health service needs, but it scored fairly high. The scheme was held back by the lack of progress that had been made.

The £1.5 billion programme to start modernising the NHS is not the Budget's only contribution to improving the health of the nation. Nor is that task confined to the NHS. It is a task for the Government and for everyone else. Some factors, such as air pollution and crime, damage everyone's health. Others, such as poor housing, unemployment and low wages, damage the health of people who are worst off. The new Labour Government are determined to tackle the sources of ill health.

My right hon. Friend the Deputy Prime Minister has in hand proposals to reduce air pollution resulting from motor vehicles. That will benefit the health of all of us, as will the commitment of my right hon. Friend the Home Secretary to reduce crime and disorder.

My right hon. Friend the Deputy Prime Minister is also in charge of our programme to build more homes for people who have nowhere decent to live. It will be financed by the release of funds from the sale of council houses. That will improve people's health. A recent survey in east London showed that improved homes reduced by one third the number of general practitioner

[Mr. Dobson]

visits and hospital referrals for the people concerned. In other words, better homes improved health and saved the NHS money. So investing in housing is money well spent.

My right hon. Friend the Chancellor of the Exchequer spelt out our scheme for finding work for young people and the long-term unemployed. It will be financed by the windfall tax on the utilities. That will improve the health of people who get jobs, because being out of work makes people physically and mentally ill.

Being out of work increases the likelihood of death and injury from accidents, suicide and cancer. The chances of a middle-aged man dying in the next five years are doubled if he loses his job. Low pay makes people ill. It usually goes with long and unsocial hours. It often leads to a poor diet, stress, and mental, physical and family breakdown. So our manifesto commitment to a national minimum wage will improve the health of the people who will get higher wages. It will improve the health of their families. Therefore, it will be a health measure.

All those measures will help improve the health of the nation. They will reduce the dreadful inequalities in health that mar our society and blight the lives of millions of families. When we took over, we discovered that the words "inequalities in health" were not used in the Department of Health and the NHS. They had been branded politically incorrect by the last but one Tory Secretary of State—the right hon. Member for South–West Surrey (Mrs. Bottomley). The politically correct phrase under the Tory Government was "variations in health".

Inequalities in health are back on the agenda and the first-ever Minister for Public Health, my hon. Friend the Member for Dulwich and West Norwood (Ms Jowell), has been given the job of reducing those inequalities. It is not just her job, however. I have made it clear to all concerned that identifying—and then reducing—inequalities in health is one of the core functions of the Department of Health and the national health service. It is not an optional extra; it is at the heart of what this Government are about.

The reason why tackling inequalities in health is at the heart of what we are doing is that inequalities in health are the most profound and far-reaching inequalities of all. Poor people are ill more often and die sooner, and you cannot get more unequal than that. We must tackle those inequalities. I have been warned that that is an ambitious policy, but people have all sorts of political ambitions, and this is mine: I want to be able to say "Vote Labour and live longer". I want to be able to make that promise and make it a truthful promise.

Some of the most vulnerable people in our society depend not just on the national health service, but on the services provided by local council social services departments. We want the quality of the care that those people receive to be improved. The Under–Secretary of State for Health, my hon. Friend the Member for Brent, South (Mr. Boateng), is examining the care provided for the elderly and other groups, and is making a series of visits around the country to promote more and better co-operation between health authorities, trusts and local authorities .

We are determined to bring down the "Berlin wall" that separates NHS and local authority services so that, in every part of the country, the system is moulded to the needs of the patients—the needs of the people—and not the other way around.

Mr. George Stevenson (Stoke–on–Trent, South): I am delighted to hear what my right hon. Friend has said, but, while he is dealing with this particularly important point, may I raise two issues with him?

The first issue is social services departments' ability to deliver their part of the multi-agency package to which my right hon. Friend rightly referred. That has been affected by a lack of resources. The second issue is the growing problem of disagreement between health authorities and social services departments about who should pay for care, support and treatment. Increasingly, people who need such treatment are falling through the net.

Mr. Dobson: My hon. Friend is right to make those points. Those are two reasons why we are so concerned, and so determined to do something. We are considering concepts such as pooled budgets, but it would be silly of me to pretend that there are easy, simple, quick solutions to the problem. If there were, it would have been solved a long time ago. We are determined to sort it out, however, because it is at the interface between the two providers that many of the most vulnerable people are to be found, and we owe it to them to do better than we have done up to now.

Mr. Dorrell: I agree with the right hon. Gentleman that the interface between health and social services is one of the most sensitive issues and one of the most critical to the successful management of the national health service. What decisions have the Government made in regard to increasing the standard spending assessment for social services departments as a consequence of the spending decisions that the Chancellor announced last week? Am I right in believing that the education SSA for next year has been increased, but the social services SSA has not been increased over and above the figure that the Government inherited?

Mr. Dobson: There was a touch of "All Our Yesterdays" in the former Secretary of State's intervention. I can certainly confirm that, last year, the Government gave the impression that they had found more money for local education authorities, but, while they may have increased the SSA, they did not increase the funds. Consequently, money was moved out of social services into education, following pressure from local people who were under the impression that the Government had given their local council extra money.

We emphasise that—as my hon. Friend the Member for Stoke–on–Trent, South (Mr. Stevenson) pointed out—all our aims depend on more co-operation. We want to promote co-operation at all levels and in every part of the national health service. The internal market introduced by the previous Government set different parts of the health service at one another's throats. A health service manager in my area described it to me a few years ago as "dog eat dog". That must stop: stupid, petty and ridiculous competition must end. Co-operation must be the order of the day from now on, with different units helping each other out, because patients suffer when they do not.

That is happening already, in that many common-sense people in the health service have been trying to work together, but they have been obstructed by the system and the messages from Tory Ministers. Here is a good example. Last year in Birmingham, the various parts of the NHS got together with the council to make contingency plans to cope with the winter pressures. As a result, they coped well last winter. That approach must be applied right across the NHS.

At the general election, we promised that we would make sure that the boards of health authorities and trusts would be more representative of the local communities that they serve. Some 900 appointments to trusts are due in November and December this year. The appointments process was set in train before the general election, but I am nevertheless trying to live up to our manifesto commitments, even in the limited time available. The sort of people whom I want to appoint are the sort of people whom I would like to stick up for me and my family and for local services on my local health authority and my local trusts.

I have opened up the appointments exercise. I have invited local councils to put names forward and invited every Member of Parliament in England with a local trust board vacancy—regardless of party—to do the same. I emphasise, however, that no one will receive special treatment: all the appointments will be made on merit and will be subject to Nolan procedures. I have also made it clear that I expect trust boards to meet in public in future and I propose to change the law to require them to do so.

Those measures are not window dressing; they are a serious contribution to improving the services that the health service provides. They will increase public involvement, public knowledge and public commitment—and commitment counts for a lot when it comes to providing local services and improving cost-effectiveness.

Most of the debate on the Budget has been about money. That is only natural, but money is not the only thing that counts in the NHS. The health service certainly needs money. Its staff need decent pay and conditions, and access to modern medicines and up-to-date equipment. They need good data systems and top-quality management. All that is, at least in part, to do with money, but something else that the staff want is not connected with money. Above all else, the staff need to feel that they are treated with the respect that they deserve—respect for their commitment, respect for their professional skills and experience, respect for their dedication. With this Government, they will get the respect that they deserve.

The changes that we make will be carefully thought out and carefully discussed in advance with the people involved, and they will be tested. Unlike the previous Government, who thought that they knew it all and forced repeated changes on the NHS against the advice of the people who have to do the work, this Government will involve the staff, listen to their ideas and respond to their concerns. We will not always agree with any particular group, but we will listen, because we recognise that the future of the NHS depends on the people who work in it.

We want to see a genuine national health service, providing top-quality services close to home—top-quality services ranging from the health visitor, local pharmacist, local GP or district nurse to community hospitals, district hospitals and centres providing specialist care, but all part of the same national health service and accessible to all. We want them to work together, helping each other to help the patients. That is what we promised in our election manifesto. We also promised, "If you are ill or injured, there will be an NHS there to help. Access to it will be based on need and need alone, not on your ability to pay, who your GP happens to be or where you live." We will keep that promise to safeguard the basic principles of the health service.

Unlike the Conservative party, we take our election promises seriously. We do not make promises that we cannot keep; we do keep the promises that we make. We promised to raise NHS funding in real terms year on year, and we have. We promised to cut bureaucracy and shift more funds to patient care, and we have. We promised to overcome the problems that plagued the private finance initiative, and we have. We promised to replace the wasteful competition of the internal market, and we have. We promised to give priority to the NHS, and we have.

That is because we treasure the NHS, which was founded by the Labour party. It has served the people well for 49 years, and it is the most popular institution in our country. That is partly because it works well in practice and partly because it is based on the principle that the best health services should be available to all—the best for all: quality and equality.

The health service appeals to the British people because it demonstrates the benefits that flow from working together for a common purpose. The NHS is practical and it is also a symbol. It does not merely bind the nation's wounds; it helps to bind our nation together. That is why it is precious, that is why we are keeping our promises and that is why we shall never let the NHS down.

5.20 pm

Mr. Stephen Dorrell (Charnwood): It is always a pleasure to be able to take up the remarks of the Secretary of State. I have had the pleasure of speaking opposite him, or shadowing him, for a month or two. He has made a familiar speech this afternoon—it is a good campaigning speech—and I shall respond as I have always responded by saying that commitment to the principle of the national health service and health care on the basis of need rather than the ability to pay is not, as the right hon. Gentleman likes to present it, one that divides the House. In reality, it is a principle that unites every party in the House. The right hon. Gentleman's attempts to portray it as a principle that divides one party from the other sound rather stale in the immediate post-election period.

It is an especial pleasure this afternoon to hear the Secretary of State announcing the list of front-runner private finance initiative projects. I think that I could have recited the list of 14 such projects almost from memory. It is an extremely familiar list. I am pleased that the Government are following the policy through. The Secretary of State is right to say that it represents the best way of delivering modernised capital stock for the health service.

The Secretary of State did not explain, however, why he feels that it is necessary in the context of the PFI to reintroduce the capital rationing process that the PFI was designed to abolish.

The right hon. Gentleman did not succeed in his effort to explain to the House how the Government's commitment to deliver their election pledges can be

[Mr. Stephen Dorrell]

squared with the fact that the Prime Minister and the Chancellor of the Exchequer went round the country in advance of the general election saying clearly:

"We have no plans to increase tax at all."

Those are the words of the Prime Minister, yet we are debating a Budget the effect of which is to increase taxes on pensioners and business and to introduce major disincentives to the process of investment and wealth creation.

Mr. Campbell-Savours: That was not said.

Mr. Dorrell: It is no good the hon. Gentleman saying that his right hon. Friend did not say that. It was said in Birmingham and reported by *The Financial Times* on 21 September. Let the Prime Minister deny it. On 21 September, he said:

"We have no plans to increase tax at all."

If the hon. Gentleman does not like that, he should consult the video recording of the GMTV programme of 8 April, during which the Chancellor of the Exchequer said:

"We have got no public spending commitments that require extra taxes."

The Labour party made it part of its clear purpose ahead of the general election to allay the fears that a Labour Government mean more taxes. However, less than three months after election day, the Chancellor presented precisely the Budget to raise taxes that we said to the country that he would introduce.

Mr. Campbell-Savours: I am sick of hearing Opposition spokesmen—former Secretaries of State—making up stories from the Opposition Dispatch Box about Labour positions before the recent general election. Before the right hon. Gentleman starts quoting, he should ascertain what was really said. If he does so, he will find the truth.

Mr. Dorrell: I am quoting what the Chancellor said on live television. I shall repeat his words:

"We have got no public spending commitments that require extra taxes."

If that is what the right hon. Gentleman said, why is he busy raising taxes? What is the purpose of the taxes if it is not to finance public expenditure? I thought that the purpose of increasing taxes was to pay for public services.

All right hon. and hon. Members are familiar with Iain Macleod's dictum. He said that if a Budget is well received on Budget day, within three months it will turn to dust. Under new Labour, we have an improvement on that principle; we no longer have to wait for three months. The Budget, which was undoubtedly well received on Budget day, has turned to dust less than a week after it was delivered.

The Chancellor of the Exchequer came to the Government Dispatch Box on Wednesday—

Mr. David Hanson (Delyn): Where is the evidence to support the right hon. Gentleman's assertions?

Mr. Dorrell: The hon. Gentleman must contain himself. Let me assure him that there is plenty of evidence.

When the Chancellor stood at the Government Dispatch Box last week he carried with him a weight of great expectations. It is true that for 24 or 48 hours after the event he seemed to have pulled it off. The Prime Minister sat beside him and patted him on the back when he sat down. I could not lip-read and I could not hear what the Prime Minister said. He might have said, however, that the Chancellor's position was unassailable. Chancellors of the Exchequer need to be careful of slaps on the back from their neighbours.

The illusion that it will last for a long time was the one that the Chancellor of the Exchequer sought to create last Wednesday. On Thursday, that illusion was still with us. The Secretary of State for Employment and Education was positively gushing. He said:

"Yesterday, my right hon. Friend the Chancellor announced a programme that has received almost overwhelming applause and the unified commitment of the British people. He presented the most popular Budget in decades, and he did so in a manner that showed considerable aplomb."—[*Official Report*, 3 July 1997; Vol. 297, c. 436.]

Before long, my right hon. and hon. Friends will be hearing the Foreign Secretary saying from the Government Dispatch Box how his old friend, Gordon, has delivered a major success. Unlikely alliances will be forming on the basis of the Budget.

It was all heady stuff, but it was far too good to last. By the weekend, reality broke through on sober reflection. It is now clear by how wide a margin the Chancellor failed to meet the objective that he set himself. The Chancellor set out his four objectives clearly at the beginning of his speech. He said that he wanted to create stability, to promote investment, to promote employment and to provide for improved public services. Those objectives are, of course, unobjectionable. The charge against the Chancellor is that he failed to deliver on all of those objectives.

Let us take, first, the right hon. Gentleman's commitment to stability. When he was discussing stability, he was, in truth, hopelessly confused. He said at various stages that he was concerned about the strength of consumer demand. He expressed concern about the buoyancy of house prices. He was concerned about the effect of a strong pound on exports. Similarly, he was concerned about the effect of high interest rates on the economy as a whole. He implied in his introductory rubric that he would take corrective action to deal with all the concerns that he expressed. It is now widely recognised that he did not address any of the issues at all.

Mr. Russell Brown (Dumfries): Will the right hon. Gentleman way?

Mr. Dorrell: I shall give way in a moment.

In reality, he dodged all the four issues. He imposed £6 billion of extra tax on the economy, but over three quarters of that extra tax burden will be paid not by consumers or by those who might be responsible for bidding up house prices, but by precisely the companies that the Chancellor says that he wants to encourage. The right hon. Gentleman must be the first man in history to believe that we promote investment, employment and wealth creation by imposing extra taxes on business.

Furthermore, it is recognised that the Chancellor of the Exchequer made the case in his Budget for an increase in interest rates, and that he understood that, unless other

action is taken, that will lead inevitably to a further increase in the strength of the pound. He described the problems as he saw them; he did nothing about them. He levied tax where he thought that he could get away with it, without addressing any of the issues that he set out in his Budget.

Mr. Campbell-Savours *rose—*

Mr. Dorrell: I have already given way to the hon. Gentleman. The hon. Member for Dumfries (Mr. Brown) wanted to intervene.

Mr. Campbell-Savours *rose—*

Mr. Dorrell: Very well—I accept that the hon. Gentleman is his hon. Friend's agent.

Mr. Campbell-Savours: Yes, we are friends. I want to ask the right hon. Gentleman a simple question. Does he think that the economy has been overheating?

Mr. Dorrell: The hon. Gentleman will have to learn that, when Ministers come to the Dispatch Box and tell us that they are concerned about an overheating economy, it is for them to tell the House what they think ought to be done about it.

The Chancellor of the Exchequer set out a series of challenges at the beginning of his speech. Everyone who has analysed his speech has reached the same conclusion: the Chancellor failed to answer the questions that he asked at the beginning of his speech. That was not the only difficult issue that the Chancellor avoided—

Mr. Giles Radice (North Durham) *rose—*

Mr. Dorrell: No, I am not giving way. The hon. Gentleman will be able to intervene later in my speech, if he chooses to do so.

Speaking about stability, the Chancellor of the Exchequer went on to lay considerable stress on the need to ensure that we have strong public finances. He is right to say that strong public finances are essential to the creation of stable economic conditions. That is beyond dispute. However, the Budget was surprisingly coy about the implications of the Chancellor's objectives in terms of public finance. He set out detailed proposals on taxation, raising roughly an extra £6 billion a year.

The Red Book set out clearly the Government's expectation that inflation will run faster than was thought likely at the time that the Red Book was published last November. The Red Book account of revenues took account of that inflation, but it has become crystal clear over the weekend that no change was made in the expectations and the money provided for expenditure in the Red Book. The Liberal party draws the conclusion that there is a £5 billion hole. I assume that the Liberals will argue that the implication is that we need more taxation to support more expenditure.

I make it clear that I think the Government are right to resist upward movement in the cash planning totals in the Red Book, but they are not right to pretend that one can deliver cash totals against rising inflation without making choices about reducing service.

The Government expect to impose 1.5 per cent. real terms cuts in public expenditure in order to make their sums add up. The Chancellor uttered not a word about 1.5 per cent. real terms cuts, which is implicit in all the Red Book arithmetic.

Mr. Malcolm Bruce: Given that the spending round was described by the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), as eye-wateringly tight, if it is now £5 billion tighter and the right hon. Gentleman is not in favour of finding extra money, will he tell us what cuts he would make and in which Departments? That is what the Government will have to tell us.

Mr. Dorrell: With great respect to the hon. Gentleman, the Government—not the Opposition—blew the reserve by making commitments on health and education, without working through the implications of those decisions for other spending programmes in the public spending total. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) was clear about the matter last week—I heard his speech. He said that, if he had been Chancellor, he would have sent the Chief Secretary round the Departments looking for savings in order to be able to live within the spending totals.

What happened under this Government was that the Chancellor of the Exchequer announced all the easy bits—all the extra money for health and education. I do not know what the Chief Secretary is doing, but apparently there is not to be a public expenditure review this year, so the difficult questions are not being asked. We are being left in the dark about where the 1.5 per cent. spending cuts—which will be necessary to allow the Government to live within their spending totals—will be imposed.

Mr. Ian Bruce: My right hon. Friend is being unkind to the Chancellor. The Chancellor has done an extraordinarily good job of persuading the Secretary of State for Health, for example, that on the reduced Budget about which we have just heard he will pay for the minimum wage that has been promised, the increased pensions contributions that will have to be paid, the medical insurance that many elderly people will no longer be able to afford because the tax relief is being taken away, and the extra inflation. Surely the Chancellor has fooled somebody, but I suppose that that was not too difficult.

Mr. Dorrell: The short answer as to whom the Chancellor has fooled is all the hon. Members who were waving their Order Papers at the end of the Budget speech. I do not believe that he has fooled the Secretary of State for Health, who will have received expert advice about the effect of the Budget settlement for him. There has been a little extra money for the national health service, which is welcome.

The right hon. Gentleman made it clear to me in answer to an intervention earlier this afternoon that there is no extra money—not a penny—for the social service departments in local authorities. I shall return to that theme, which is of direct relevance to the Secretary of State for Health, who is the sponsoring Minister of social service departments. The delivery of his health objectives and the education objectives of the Secretary of State for

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Education and Employment depend on properly financed social service departments and the ability of those departments to deliver their objectives.

Mr. Townend: Is it not true that, if we were in government, there would be more resources because we would be raising a lot more money from privatisation receipts?

Mr. Dorrell: That is certainly true. My hon. Friend is right to draw attention to the fact that one of the disappearing acts in the Red Book is that whereas we had made it clear that we intended to continue with the privatisation programme, the Government have written that sum out of the Red Book, which means that they will have to find an extra spending sum.

To assess the Budget properly, we must understand what the Chief Secretary to the Treasury is up to. We must understand what the public spending policy means in terms of the services that the Chief Secretary will cut. Until we know the answer to that question, all the Order Paper waving from the Government Benches is a trifle previous.

Let us look at what the Chancellor has done about his second objective—

Mr. Radice *rose—*

Mr. Dorrell: The hon. Gentleman cannot have heard what the second objective is. I have not uttered the word yet. I shall gladly give way when I have deployed my argument on the Chancellor's second objective.

Mr. Radice *rose—*

Mr. Dorrell: I know what the hon. Gentleman wants to ask me. I have already dealt with that. Other hon. Members on both sides want to speak in the debate, and they do not want me to spend the whole of my speech discussing that subject.

The second objective that the Chancellor set himself was to promote investment in the British economy. At that point, the Chancellor of the Exchequer simply became a joke. How do we take seriously a Chancellor who says that he wants to promote investment and, in the next breath, goes on to introduce a windfall tax on some of the biggest investing companies in the British economy? The Government will claim that that is in the manifesto. The mere fact that it is in the manifesto does not mean that it makes sense or that the policy is consistent with the Chancellor's stated objective.

Elsewhere in his Budget, the Chancellor says that other companies distribute too much of their resource through dividends—too much money leaves those companies. However, when we are dealing with the utilities—the companies that invest in water, gas and electricity—somehow we are able to spirit £5 billion out of them and make no difference to investment in the British economy.

In the course of the Budget speech, the Chancellor of the Exchequer let slip a sentence that must be a candidate for the most implausible statement ever to be included in a Budget speech. That is a high burden of proof, I confess. I shall read out the sentence and invite the House to express an opinion on whether I am justified. The Chancellor said:

"After consulting the regulators, it is my judgment that the tax can be paid without any impact on prices, investment, or the quality of service to customers; or, in my view, on employment."

So £5 billion is just lying around: it can be spirited away from those companies and it will make no difference. Whom does the Chancellor think that he is kidding? The truth is that the windfall tax is one of several steps in the Budget that will undermine investment in the British economy, our future competitiveness and job creation.

Mr. Dobson *rose—*

Mr. Dorrell: Has the Secretary of State received his briefing? He need not be in any hurry.

Mr. Dobson: Does the right hon. Gentleman accept that, as the water industry has made profits of £10.5 billion since privatisation, paid £3.5 billion in dividends and has not paid a penny piece in mainstream corporation tax, it might have a bob or two to contribute to the windfall tax? If the windfall tax is so damaging to the utilities, why have their share prices not crashed since Wednesday's Budget?

Mr. Dorrell: The answer to the Secretary of State's second question is that investors are capable of reading newspapers. In answer to his first question, I repeat this quite extraordinary proposition: the Chancellor thinks that £5 billion can be spirited out of those companies and it will make no difference to prices, investment, service to customers or employment. Where does the Chancellor think that the money will come from? It is wholly implausible, and the Chancellor discredits his office by allowing such sentences to be written into his Budget speech.

That is not the only attack on investment in the Budget. The Chancellor found his other major source of revenue by attacking pension funds. It is easy to remember the Budget's revenue raising: £5 billion from the utilities and another £5 billion from the pension funds. When the Chancellor referred to the pension funds and to the effect of his changes on dividend policy, he was once again hopelessly muddled. He said:

"Many pension funds are in substantial surplus and at present many companies are enjoying pension holidays, so this is the right time to undertake a long-needed reform."—[*Official Report*, 2 July 1997; Vol. 297, c. 306-14.]

Reform, my foot: the Chancellor simply saw a ready target. He saw an easy way of raising £5 billion from what he thought were pension funds in surplus. I shall return to that point. The truth is that this is not a tax strategy. We heard lots of rhetoric about the effect of dividends on investment flow, but that has nothing to do with it. Ferdinand Mount, writing in *The Sunday Times*, got it right when he said:

"This is the opportunism of the mediaeval monarch who tours his domain looking for the fattest peasants to pillage."

The peasants that the Chancellor found to pillage were Britain's pensioners. The Government should be ashamed of that decision.

The Chancellor not only pillaged pensioners, but argued that the employer-provided pension funds are in surplus. In so doing, he betrays his lack of understanding

of the pensions sector. What will the Chancellor say to the 6 million pension fund investors who are in not defined benefit schemes but defined contribution schemes? Those people paid the contributions—not their employers—and the Chancellor's measure will directly reduce their pensions in retirement. What does the Chancellor have to say to those people? Where is the surplus for them? They did not merit a mention in the Budget speech.

The Chancellor takes an extraordinarily partial view of the way in which the pensions market operates. He seems to be completely oblivious to the effect of his £5 billion raid on the pensions sector. Just as he believes that he can spirit £5 billion from the utilities, he believes that he can spirit £5 billion from the pension funds and it will not matter because they are all in surplus. What kind of analysis is that?

The Chief Secretary to the Treasury (Mr. Alistair Darling): Did the right hon. Gentleman oppose the measure proposed by his then right hon. Friend, Norman Lamont, in 1993 to reduce advance corporation tax from 20 to 15 per cent?

Mr. Dorrell: My former colleague did not do that—the Chief Secretary should get his details right. He reduced ACT from 25 to 20 per cent. because we had a stated policy of reducing the basic rate of tax to 20 per cent.—and we were well on the way to delivering that. The Chief Secretary should read his brief. I am sure that he will make more telling interventions when they are rehearsed.

The Government's pensions policy can have only one of two effects: either it will reduce the value of pensions paid to pensioners, and therefore the Chancellor is directly raiding the living standards of Britain's pensioners, present and future; or it will more likely increase the cost of employer-provided pensions. The latter is the slightly better outcome from the pensioners' point of view. However, the Secretary of State for Education and Employment is responsible for promoting employment. We are supposed to believe that the Chancellor has introduced a Budget for employment. How does he believe that he will promote employment by raising pension contributions and, therefore, raising the cost of employing people?

Mr. Radice *rose—*

Mr. Dorrell: The hon. Gentleman's timing is not good as I am about to move on to my third point. He has missed his opportunity: I have finished my second point and he will have to wait until I begin my third point.

The Chancellor's third objective is to boost employment. How does he plan to achieve that aim in this Budget? Let us look at the Government's record on boosting employment. What has Labour done to create jobs in Britain since its election? The first thing the Government did was sign the social chapter. What will that do? It will raise costs and reduce the number of jobs.

Mr. Hanson: How?

Mr. Dorrell: Paternity leave is not a cost-free activity. That is how it will raise costs. Secondly, the Government made a commitment to introducing a minimum wage. Presumably, even the hon. Member for Delyn (Mr. Hanson) can understand that a minimum wage will either have no effect at all, or raise the cost of employing people and therefore reduce the number of jobs in the economy. The third element of the Government's three-legged strategy for boosting employment was the Chancellor's announcement last week that he will raise £5 billion from pension funds, which can only increase the cost of employing people.

Against that background, we are asked to judge the benefits of the welfare-to-work proposals in the Chancellor's Budget speech. The truth is that his welfare-to-work proposals are a pale attempt to temper the damage that will be done by the Government's other policies. This country's recent record on youth unemployment stands comparison with that of any other European country. In the past four years, the number of unemployed aged between 18 and 25 has halved. It has fallen from just over 800,000 to just under 400,000—a reduction in youth unemployment of 100,000 every year for four years. The number of 18 to 25-year-olds unemployed for more than six months has fallen from 417,000 to 178,000.

I welcome the fact that the Government have focused their attention on the need to ensure that youth unemployment in Britain continues on the downward trend that the previous Government established. I also welcome the fact that the Government regard that as a serious and important policy objective. In the Budget, the Government committed £3.5 billion of public expenditure to enhancing that downward trend of youth unemployment. I look forward to seeing whether their public spending programme achieves a greater reduction than 100,000 a year in the next four years: they cannot do so after that, because they will have run out of unemployed people in five years. We shall see whether that £3.5 billion enhances the rate of job creation for young people, or whether it is money being burnt. That money may be burnt in an attempt to deliver a desirable objective, but it will be wholly ineffective.

The Chancellor of the Exchequer is clearly unconvinced by the logic of his own argument. In the Budget forecasts, he used the estimates of my right hon. and learned Friend the Member for Rushcliffe, the previous Chancellor, for the analysis of the black hole that he asked us to believe in. The Chancellor made it clear that he does not believe that unemployment will continue to fall, because he reinstated the traditional basis of forecasting, which is flat unemployment. He clearly does not believe that unemployment will fall faster as a result of the welfare-to-work proposals.

We then come to the Chancellor's fourth objective.

Mr. Radice: Will the right hon. Gentleman give way?

Mr. Dorrell: The hon. Gentleman's timing is perfect. I shall give way to him before I conclude my remarks if he finds a better point at which to intervene.

The final aspect of the Chancellor's objectives was his intention to deliver improved public services. In particular, we were asked to consider the extra money provided in the Budget for education and health. The Prime Minister has repeatedly said that the welfare-to-work package will release money and thus

[Mr. Dorrell]

allow extra spending on education. That proposal does not stand up, given the evidence of any welfare-to-work package anywhere in the world. The Chancellor has clearly seen that evidence, because he recognises the need to provide extra money for the welfare-to-work programme and for education. For him, there is no question of a trade-off: he has provided more for schools and more for hospitals.

That proposal was the only element of last week's Budget that every Labour Member clearly understood: there was a lot of waving of Order Papers and a throaty roar. It was clear and simple: more money for public services. Labour Members—indeed, many of my hon. Friends—welcomed the fact that more money was being made available to provide better schools and better hospitals. It is not quite as simple as that. The Chief Secretary will be able to pay for that within the spending total only if he imposes a 1.5 per cent. spending cut on everything else.

In the debate last week, the Secretary of State for Education and Employment, my hon. Friend the Member for Maidenhead (Mrs. May) and I discussed the extent to which the money for education could be guaranteed for schools. That exchange showed how flimsy the Chancellor's construct is, even on the subject of extra spending on education. My hon. Friend asked the Secretary of State whether she had correctly understood that

"the money will not be ring-fenced to ensure that it goes to the education budget: instead, it will be allocated to the authority's general budget and it will be up to councillors to determine whether it goes to schools."

The Secretary of State replied:

"I am delighted that I have been so clear that the hon. Lady has got it".—[*Official Report*, 3 July 1997; Vol. 297, c.439.]

So there we are. There is no extra money for schools in the Budget. There is an extra allocation for standard spending on education and extra money for authorities, but the authorities are completely free to choose how they spend it.

Mr. Campbell-Savours: That is how the previous Government used to do it.

Mr. Dorrell: I am relying on my experience. The purpose of my intervention last week was to discover whether the Government intend to ensure that this money actually gets to schools, or whether they are relying on a system that I know fairly well, as the hon. Gentleman implied. The truth is that the Government are putting the money into local authorities and hoping that some of it will get through to schools. I am sure that some of it will, but I am certain that £835 million of it will not.

The Secretary of State for Health must be hoping that the education committees will not get all of the money that is going to county councils; otherwise it would be bad news for the national health service. It would mean that social service departments would not be able to deal with the increasing demands placed on them. It would also mean that no account has been taken of the extra demands of the police and fire services and the other elements of local authority services.

The headline increases in health and education are welcome. The 2.25 per cent. increase for health is welcome, and if we keep going long enough, we may get the figure up to the 3 per cent. that we scored over 18 years. The yardstick is a 3 per cent. real-terms average. Furthermore, that is the expectation in the national health service, as the Secretary of State well knows. A real-terms growth of 3 per cent. was achieved between 1979 and 1997. We look forward to the words of support for the national health service that Ministers like to use being backed up by action that reflects our record during 18 years in office.

Mr. Dobson: I do not know whether the right hon. Gentleman is claiming credit for everything in the past 18 years, but for the three years during which he was Secretary of State for Health, the real-terms increases were 0.5 per cent. this year, 1.3 per cent. the previous year and 1.8 per cent. the year before that, so he should not gib at an increase of 2.35 per cent.

Mr. Dorrell: As the right hon. Gentleman knows, the real-terms increase that I allocated to current spending in the national health service in the public expenditure survey last November was 3 per cent.

I have dealt with only two of the spending programmes. The Chief Secretary now has no reserve that he can allocate ahead of the beginning of the next financial year, which is still nine months away. He has nine months before the Department of Social Security's estimate of changes comes in—if the officials have not told him that yet, they very soon will. There is nothing for higher and further education in the spending programmes. The university and further education sectors will be disappointed by the Budget. Moreover, the 1.5 per cent. cut that the axeman from the Treasury is about to impose on the rest of the public spending total is still to come.

The Budget was a con trick.

Mr. Radice: Will the right hon. Gentleman give way?

Mr. Dorrell: The hon. Gentleman almost missed his chance.

Mr. Radice: The right hon. Gentleman was in power nine weeks ago. Will he answer a simple question: does he think that the economy is now overheating?

Mr. Dorrell: As my right hon. and learned Friend the Member for Rushcliffe pointed out in his speech last week, in November when he introduced a Budget that cut taxes, the present Chancellor of the Exchequer went through the Lobby making it clear that that was right. The Chancellor must explain why nine months ago he reached the conclusion that tax reductions were possible, and in his Budget last Wednesday he reached the conclusion that tax increases were essential. I have not heard the Chancellor deploy that argument.

Mr. Campbell-Savours: On a point of order, Mr. Deputy Speaker. We have had three interventions on

the same question. It requires a direct answer, but the right hon. Gentleman refuses to reply. Can you help us? He refuses to answer a simple question.

Mr. Deputy Speaker (Mr. Michael J. Martin): That is not a matter for the Chair.

Mr. Dorrell *rose—*

Mr. John Swinney (North Tayside): Will the right hon. Gentleman give way?

Mr. Dorrell *indicated assent.*

Mr. Swinney: The right hon. Gentleman commented on Labour Members trooping through the Lobby for tax cuts in November. Does he think that, if the Conservatives had come to power, a Conservative Chancellor might just have raised taxes in this post-election Budget?

Mr. Dorrell: This is a Labour Budget. My right hon. and learned Friend the Member for Rushcliffe, the previous Chancellor, who is in a much better position to answer that question than I am, made it clear in his speech last week that he has already introduced a Budget for this financial year and did not intend to introduce another one. The Government must explain why we need a second Budget. As those of my right hon. and hon. Friends who have rather longer memories will remember, having extra Budgets is probably one of the things that we shall have to get used to. Under the previous Labour Government, I think that there used to be three Budgets a year. So far, we are on two a year. We shall see how many we have before this Parliament has run its course.

The Budget was a con trick. It talked of stability and ushered in an era of higher interest rates, higher public spending and higher taxes. It talked of investment, and launched an attack on the utilities, an attack on pension funds and an attack on international companies, about which I have not had time to talk. It talked of promoting employment, and increased the costs of employing people. It launched a formula for welfare to work which, although desirable in its objectives, has not been shown to work elsewhere in the world. It talked of improving public services, but in the end relied on mirrors to deliver that.

The Budget was indisputably well received on Budget day, but already it has fallen victim to Macleod's law. It is a Budget for unemployment, for higher interest rates and for higher taxes. It is a Budget for failure.

6 pm

Mr. Malcolm Bruce (Gordon): The change in the Conservative party since it has gone from being in government to being in opposition is extraordinary. There was an inherent tension in what the right hon. Member for Charnwood (Mr. Dorrell) said. He acknowledged that there was a shortfall in funding in the Budget—the outgoing Chancellor's Budget was absolutely fine, although eye-wateringly tight—and that the Conservatives would be looking for spending cuts but would not need a Budget to make them. He could not tell us what such cuts would be—not surprisingly since, in the present circumstances, I imagine that the Conservatives want that problem to be placed elsewhere. He then complained that social services were seriously underfunded. The Conservative party will have to do some thinking and decide which side of the argument it wants to be on. Is it in favour of spending cuts or more spending or improving services and recognising that the money will have to come from somewhere?

I agree with the right hon. Member for Charnwood that the Government have some explaining to do. They have, in reality, severely cut forecast public spending without any explanation of its implications across Departments. The Liberal Democrats expect them to explain themselves more fully.

It is true that a Budget has rarely won so much praise on the day as that delivered by the Chancellor on Wednesday. There was not just the waving of Order Papers, but sycophantic and almost eulogistic leader columns in the press the following day, saying how wonderful it all was. But never has it taken such a short time for that initial acclaim to turn to criticism and discredit.

The Budget was said to deliver more for public services—that got the loudest cheer—but, as was revealed over the weekend, it cut previous spending plans by more than £5 billion in real terms. In one year, that is a major reduction. There will be more money for areas such as education only if there is less money for other services such as the police and social services—a point made more than once by the right hon. Member for Charnwood. Liberal Democrat Members expect the Chancellor to come back to the House this week to explain that cut and where it will fall, Department by Department, and we shall not let up until we get that explanation.

It was claimed that the Budget would rebalance the economy and avoid the need for higher interest rates and a higher pound. Although, in time, the extra taxes will filter through to ordinary taxpayers, they fall largely on business income and on savers. Within hours of the Budget, therefore, sterling was soaring towards an exchange rate of DM3. The Bank of England is also expected to put up interest rates; in my view, that is very likely to happen this week.

The Budget was supposed to be environmentally friendly and to lower carbon dioxide emissions, but experts say that it will do the opposite. It was supposed to boost business investment, but the Institute of Fiscal Studies has said that it will do no such thing. It was delivered by a party which claims to be for lower taxes—at least that was its claim at the previous Budget—yet it contained an unprecedented and unforecast tax hike. Perhaps the Budget's hidden objective was to be fair—to do most for those who have the least—but, again, that is not so, because in terms of percentage of income it leaves the poorest 10 per cent. of the population the worst off.

Regrettably, therefore, the Budget is not one which I can welcome; it is one which I fear has some inherent criticisms. It promised a great deal but delivered very little. I welcome the good intentions in the Budget, which I hope will bear fruit as this Parliament progresses—the promise of more measures on the environment and the commitment to more pre-Budget consultation. If such consultation materialises, it will be welcome and we shall certainly play our part in it. The intention to look at tax and benefit reform is overdue and needed, and it requires all-party involvement. All of that is welcome, but action now to deal with the crises facing us today would have been more welcome.

[Mr. Malcolm Bruce]

I will consider the main parts of the Budget in turn. Today's newspapers confirm that the Budget contained a huge hidden cut of about £5.3 billion in public spending for next year. As yet, no Labour or Government source has been able to dent that contention, although one source claimed that the Liberal Democrats who identified the cut were "economically illiterate". Such a statement has not been explained or substantiated, and the maker of it will have to eat his words. The Chief Secretary to the Treasury, who is replying to the debate, will need to explain not only what the Liberal Democrats have put on the table—how the spending totals, which have been squeezed by a further £5.3 billion, will be delivered and where the cuts will fall—but how the House of Commons Library, the Institute of Fiscal Studies and Goldman Sachs are all "economically illiterate", since they have all confirmed exactly what we have stated.

The House of Commons Library, in response to my question, confirmed to me in a briefing on the Budget that

"because of the higher actual and forecast rates of inflation . . . real expenditure in 1998-99 will be some £5¼ billion lower."

The Chancellor's first Budget therefore hid its most important effect: a massive £5.3 billion cut in real public spending for next year, compared with a forecast made only seven months ago in the Budget of the right hon. and learned Member for Rushcliffe (Mr. Clarke). That is the reality. Never before has such a large real cut in public spending attracted so little attention when first announced.

The Chancellor hid the cut in public spending on Budget day and hoped that it would not be noticed. He made—and has made—no announcement about how Departments were to achieve such savings, which services were to be axed and which Labour manifesto promises were to be broken as a consequence. If there is no relaxation, the effects in practice will be devastating. That must now be dawning on Departments, if it did not do so last week.

The only mention of such a development is tucked away on page 102 of the Red Book, which notes in passing:

"In real terms, Control Total expenditure is lower than projected at the time of the last Budget, due to the higher forecast for the GDP deflator."

That is the bombshell in the middle of the Budget.

On the very first page of the Red Book, the bit to which the Government expect everyone to turn, the boast is made that the Budget will be

"providing high quality public services

—within unchanged Control Total for 1998-99".

Those two statements—between the covers of the same book—are irreconcilable.

The real spending cut was caused by the significant upward revision of the forecast for inflation. I should say in passing that I have already expressed concern that the Chancellor has departed from his manifesto pledge in redefining his inflation target in more relaxed terms than those in which it was expressed in the manifesto. The GDP deflator—the measure of inflation used to adjust Government spending—was revised upwards this year and next from 2 to 2.75 per cent. The Chancellor has not simply ignored the effect of that. He took into account the higher rate of inflation by adjusting upwards his forecast for the amount of money that he will get from tax revenues, so he recognised that adjusting the inflation forecast would boost the revenues coming into the Exchequer's coffers. Amazingly, however, he made no compensating adjustment to his spending totals to protect them from higher inflation: he is just banking the extra money to help to reduce his borrowing figures.

The two years of higher inflation will mean that all the previous spending allocations for 1998–99 are worth 1½ per cent. less in real terms, so it could be said that the Budget contains two windfall taxes—one on the utilities and one an inflation windfall from public spending—and they are almost exactly equal in value.

Mr. Rhodri Morgan: Is the hon. Gentleman saying that he disagrees with the readjustment upwards of the expected rate of inflation, or GDP deflator, from 2 to 2.75 per cent.? Or does he accept it as an accurate reflection of what has happened to pressures in the economy, which have pushed inflation up through the demutualisation disaster and the boom in financial services within the M25 area?

Mr. Bruce: Whether I accept it is beside the point: it is what the Chancellor has determined is at the heart of his Budget. The former Treasury Select Committee, of which I was a member, expressed some scepticism about the previous Government's forecasts, but the commentators said that a judgment could be made. The current Chancellor has made a revised judgment and has determined that inflationary pressures are greater, but he has not made any compensating provision to help the public services and the spending Departments to cover that. We are entitled to an explanation, especially as the Government are pursuing progress on the Finance Bill with indecent haste.

The extra moneys announced in the Budget for the NHS and education, about which the Secretary of State for Health boasted, are largely fictional as they merely offset the effects of higher inflation.

Mr. Darling: Does the hon. Gentleman accept that the health budget will increase in real terms by 2.24 per cent. next year and the schools budget will increase by 2.7 per cent? That is after applying the GDP deflator.

Mr. Bruce: I accept that there is a real increase, but it is nothing like what the Government have claimed. The Chief Secretary's point ignores the fact that no compensating increase has been given this year, which means that the Departments will have to absorb that deflator in full. If the two are added together, we are talking about a standstill Budget and no significant investment in either Department. The Government have not addressed that factor.

When the Secretary of State for Health was trying to dismiss my intervention earlier, he missed the point that the Liberal Democrat manifesto commitment and our alternative Budget would provide substantial extra investment in health and education in the current financial year. We explained how that would be delivered, but the Government have failed to provide a single penny of that. The situation will deteriorate even before we reach next year.

The Chancellor has also reduced the level of the contingency reserve to only £2.8 billion for next year. Given the inherited contingency reserve, he will have less

ability to accommodate the Budget pressures. In the Goldman Sachs Budget review of 2 July, David Walton, a colleague of Gavyn Davies who edits the review, noted:

"The Budget plans imply a sharp fall in the real level of public spending . . . this is considerably tougher than Ken Clarke intended . . . The Chancellor did not mention what services he intended to cut in the fanatical pursuit of these spending totals. The chances of achieving these plans are close to zero."

On Budget day, the Chancellor boasted:

"I have decided to allocate . . . to the NHS for 1998-99 a sum of £1.2 billion. This does more than meet our commitment to the people of this country".—[*Official Report*, 2 July 1997; Vol. 297, c. 315.]

However, as I have already said, no additional funding has been provided for the current year, despite an existing £350 million NHS deficit. If that is taken into account, the higher inflation this year will cut real spending in the NHS by between £300 million and £350 million. Labour Members who cheered the Budget a week ago will not cheer when they see the consequences for their local health authorities this winter.

For the following year, the extra £1.2 billion is substantially wiped out by the higher inflation. The Library has said that

"taking into account the extra £1.2 billion and higher inflation, the net increase is some £0.41 billion"—

at current prices. I accept that that is extra money, but it is about a third of what the Chancellor claimed and it will follow a cut this year. That will mean a serious, continuing squeeze on the health service and represents no bonanza.

A further concern must be that £200 million of the extra health money has to go through the Scottish Office, the Welsh Office and the Northern Ireland Office. Those Departments will be able to pass the money on only if they can squeeze other areas to cover for the loss through inflation. That is the same problem that local authorities will have with the education vote.

The Chancellor boasted in the Budget of £1 billion extra in 1998–99 for education and extra money for capital spending in schools—£83 million in 1997–98 and £250 million in 1998–99. After inflation, that amounts to a cut of £200 million in real education spending for 1997–98. In 1998–99, there will be no more money for further and higher education. After inflation, the extra £1¼ billion will be worth around £600 million in real terms. That is a real increase, but it is much less than the Government have claimed.

If local authorities are in difficulties, they will be unable to pass all the money to education. They will lose £1.2 billion from their real spending plans because the higher inflation will affect local authorities just as much as it will affect Government Departments. Local authorities will also have to pay more to top up their pension funds following the Government's change to the taxation of dividends. It is estimated that the change could cost local authorities up to £300 million per year. The Chancellor was not convincing when he tried to dismiss that criticism as a Conservative plot simply because the local authority being interviewed at the time was Conservative controlled. Every local authority in the country—under Labour, Liberal Democrat, Conservative, Scottish National party or no overall control—will have to find the extra money. That is the reality.

Local authorities will receive around £1.2 billion extra for education next year and simultaneously lose exactly that amount in higher inflation. If they want to deliver more money for education, they will have to cut other budgets. That is against the background of an already planned 1 per cent. real cut in local authority funding next year, which the Government do not intend to change, and of additional pressures in areas such as school rolls and social services. That is the dilemma that all the public services will face.

The Chancellor claimed in his Budget speech:

"My goal . . . is to ease inflationary pressures without damage to industrial and exporting prospects . . . In this way we can moderate the upward pressure on interest rates and on the exchange rate as well as further our objective of sustainable public finances."—[*Official Report*, 2 July 1997; Vol. 297, c. 305.]

But the Budget failed in its primary task of rebalancing the economy away from excess consumer demand to prevent higher interest rates and a higher pound. Of the £6 billion of new taxes, only £1 billion to £1.5 billion fell on the consumer, which will have only a marginal impact on consumer spending in a year in which consumers will receive £37 billion in windfalls of various sorts.

Mr. Radice: Is the hon. Gentleman suggesting that there should have been a £6 billion tax increase directly on the consumer?

Mr. Bruce: If the Chancellor was arguing that the taxation increase in the Budget was justified as a means of putting a squeeze on consumer spending, that is where he should have put the taxes. He tried to justify the increase as a tax on the corporate sector, which is inconsistent. My point is that he did not convince the markets, which is why interest rates are likely to rise this week.

Mr. Swinney: Has the hon. Gentleman read the comments of the chief economist of the Royal Bank of Scotland, which suggest that if monetary policy was directed towards Scottish requirements, interest rates would not be increasing as they are likely to do in the next few weeks?

Mr. Bruce: That is a matter of opinion. The Liberal Democrat proposals for the reform of the Bank of England—so that it becomes a United Kingdom reserve bank—include the proposal that it should have a policy body that is geographically representative of the entire United Kingdom and is not determined by factors centred on the south of England factors. That would at least ensure that the broad economy was taken into account.

In other areas where the Chancellor made claims, too, his Budget does not deliver. For instance, it will not provide the environmental improvements boasted of by the Government. It will make no contribution towards reducing carbon dioxide emissions by 20 per cent. Indeed, it is likely to lead to an increase in emissions as a result of the cut in fuel prices. Despite the rhetoric, the Budget sends the wrong signals by reducing the price of using energy instead of reducing the price of saving energy.

The energy efficiency measures in the Budget are weak and vague. The Budget states:

"Options for helping people on low incomes to insulate their homes and save energy are to be examined."

I am to meet a representative of the National Energy Efficiency Authority tomorrow and I hope to be able to tell him that he will get more money.

[Mr. Bruce]

The increase in road fuel duty—a revenue-raising measure—is disguised as an environmental tax, but it does not involve a tax switch from good to bad. The golden rule of the Liberal Democrats in this matter is that any increase in revenue from environmental taxes should be given back in tax cuts elsewhere to show that it is a tax-switching measure and not just another wheeze for taking more money out of the consumer's pocket.

We needed a commitment to long-term environmental improvements, but the Budget moves in the opposite direction. It is not the response to the challenge of global warming for which we might have hoped. I hope that the Government will think again about this. They have a full Parliament in which to address the issue and they will certainly get a constructive contribution from the Liberal Democrats.

I say this with regret, but the Budget betrays the spirit, if not the letter, of Labour's promises on taxation. One year after Norman Lamont's tax-raising Budget of March 1993—a year after the general election, not a mere six weeks—the present Chancellor said:

"If he cannot point out the section of the election manifesto which warned of increased tax rises for the ordinary voter . . . he should be ashamed of himself."—[*Official Report*, 17 March, 1993; Vol. 221, c. 291.]

Labour's 1997 manifesto merely says:

"New Labour is not about high taxes on ordinary families."

At the time of the previous Budget, in November, the present Chancellor said:

"That is the Tories as they are all the time. Before the election, they raise expectations. After the election, they raise taxes."—[*Official Report*, 27 November 1996; Vol. 286, c. 370.]

I have to say that I do not see the difference.

The Budget is not "fair". The Institute of Fiscal Studies acknowledged that Labour has often criticised the Tories for the unfairness of the impact of their Budgets. But, the IFS stated:

"As a proportion of their income it is the poor who have fared worst—they have lost around 1 per cent. of their disposable incomes"

and added that in cash terms

"the very poorest group loses somewhat more than the next couple of deciles."

I hope that the Government will address those matters over time, but they have not done so in this Budget.

The Chancellor tried to argue that he was encouraging investment and that the windfall tax was designed to squeeze the fat cats. He knows perfectly well that the fat cats have gone, and they have taken the money with them. The tax is arbitrary, retrospective and unfair. It will hit not the fat cats, but the 19 million people with money in pension funds, who will lose around £80 each as a result. Those who did not take the money and run but retained their shares will also suffer to some extent.

Changes in dividend and profit taxation will increase the taxation on business income by £3 billion per year. The IFS has said that the precise effects of this package are uncertain. The Chancellor tried to boast that he knows exactly what it will achieve, but the academics are uncertain. The IFS states that the package is

"likely to squeeze company cash flows. Very optimistic assumptions are required to believe this will increase business investment . . . Despite the rhetoric, changes are unlikely to benefit business investment."

For all the reasons I have set out, we shall vote against the Budget, and we shall continue to demand a statement to the House on the public spending cuts. We do not accept that the House can be treated in this way. To be asked to vote on the Budget on a Monday and then to vote on the Second Reading of a Finance Bill—which has not yet been published—on Thursday of the same week is moving ahead with indecent haste. Contrary to what the Leader of the House said on Thursday, this is not just a Budget to implement the Government's manifesto pledges: it contains major taxation changes which were not in the manifesto, and these must be considered properly.

There is a tension at the heart of the Budget which is untenable. For too long, the Chancellor has been obsessed with political presentation and not policy. Unfortunately for all of us who depend on public services, that is stamped all over his Budget. The policies that he made in opposition have hemmed him in on taxation. He needed to buy credibility—I understand that—but no one could have believed that he would be prepared to be so dogmatic on spending and so tie his hands that he would be forced to duck the real solutions.

The Conservatives are not in a position to gloat because practically all the problems that the Government have inherited are of the Conservatives' making—not least the wholly unrealistic spending round of last year's Budget. But the Labour party in opposition knew that it was unrealistic, so why on earth sign up to it? We shall vote against the Budget and hope that when the Chancellor returns next spring with his second Budget it will be a Budget of sound policy and radical reform, replacing spin with substance and placing the long-term interests of the country ahead of short-term populist politics. If that is what it does, we shall be able to support it—but we cannot support this Budget.

6.26 pm

Mr. Robert Sheldon (Ashton-under-Lyne): The right hon. Member for Charnwood (Mr. Dorrell) praised the record of the Conservative party on privatisation. I shall be arguing that the windfall tax is a direct consequence of errors made by the Conservatives in the sale of the assets. In my role as Chairman of the Public Accounts Committee, I have looked at all privatisations. The Committee took evidence on every single one and all our reports were unanimous, with no fudging. The reports on privatisation were no exception. We did not look at the politics of the sales, but at whether the best price was achieved and whether the expenses of the sales were justified.

The conclusions of the all-party Committee—which did not divide in nearly 14 years—were that, in nearly all cases, the assets were sold too cheaply. As Harold Macmillan might have said, "If you are going to sell the family silver, do try to get the best price." The real question we have to ask is not why we sold the family silver—and the Canalettos—but why they were sold so

cheaply. The previous Government naively believed that shareholders in every home would have a beneficial influence on the actions of boardrooms. Stockbrokers were introduced in high streets, but such developments rapidly disappeared.

What was more lasting was the benefit to the Exchequer. In addition to the income from North sea oil, this income could have been used for a resurgence in investment in industry, or we could have used the money to spend on the infrastructure. Instead, we accepted the dilapidation of much of our transport, housing and schools, and the resources were used once and for all to create an economic boom, the effects of which are still being felt in the economy that the Government have inherited. The previous Government used much of the capital from the sales of assets to provide a higher standard of living than was justified. Capital was turned into income—precisely the charge made by Harold Macmillan.

The question that we must now ask is not merely why we used the money badly, but why those assets were sold too cheaply. The main reason for the hurry was the Government's desire to get their hands on the money. The philosophy came second. Obviously, the Treasury rightly wanted to know how much it would obtain each year from the proceeds of the sell-off. The difficulty was that the sale had a fixed timetable, which did not take into account market sentiment. Instead of selling when the sale would be most favourable, in some circumstances there was almost the flavour of a forced sale.

The Public Accounts Committee dealt with the matter in its 32nd report in 1992–93, "The Sale of National Power and PowerGen", in which it stated:

"our examinations of this and of previous sales have shown that privatisation timetables can sometimes impose considerable pressures on departments. Clearly the timing of sales can have significant impacts on the total potential proceeds, but it is important that the pressure on departments to do things quickly is not used as an excuse for uneconomic arrangements. We therefore expect departments to organise themselves and to plan sufficiently far ahead so that they can exploit the scope for savings."

That view was unanimously accepted.

The Government also made it even harder to get the best price by insisting in nearly all cases that the sale had to be made at one go—it has been characterised as selling overripe fruit on a Saturday evening. How different from the way that the Government manage their gilt sales. In that case, the Government broker has traditionally understood the market and sold his stock at times favourable to the sale. In the event of a change in the market, the sale could have been deferred. The Government broker understood the market. Those who sold our assets did not and were not encouraged to learn.

Again and again, the PAC urged by a senior Conservative on the Committee, pressed the Government to privatise in tranches. The lack of experience in undertaking sales of such magnitude ought to have resulted in a much more careful and informed approach to the share offers. If the Committee's advice had been accepted, sales could have been conducted with advantage to the taxpayer.

Mr. Richard Page (South–West Hertfordshire): As the right hon. Gentleman knows, he was the Chairman and I was on that Committee at the time. I suggest that the 1992 PAC report was made with the benefit of hindsight. The PAC reports on the privatisations were not half as critical as he is trying to lead the House to believe.

Mr. Sheldon: I did not have any doubt at any time. The hon. Gentleman will remember that Sir Peter Hordern argued again and again that the assets should be sold off in tranches to get the best possible price. The Committee supported him again and again. The hon. Gentleman supported that view as well—all the reports were unanimous. The Government failed to get the best price. There is no question about that.

The argument used again and again was that if one sold the assets in tranches and the price on the initial sale were too low, the price and the receipts from subsequent sales could be improved. The failure to get a better and a proper price for the nation's assets is a serious indictment of the previous Government. It cost the country billions of pounds.

That failure to get a fair deal for the taxpayer provides the complete justification for the Chancellor's introduction of the windfall tax. I understand why the Conservative Opposition do not like the idea of that tax. It shows up their failure to guard the public finances, but it is right that some corrections should be made in the way in which those bargain sales were conducted.

On the expenditure of the windfall money, I am sure that the priority that the Chancellor attaches to unemployment is right. Like many hon. Members I meet from time to time the chief of police in my area. It comes as no surprise that at those meetings he singles out young men from 18 to 25 as his major problem. He points that out again and again. After numerous attempts to get employment, they give up. Their relationship with their parents deteriorates and after numerous rows they leave home and join up with other young men. In a consumer society, it is hard not to feel angry when one is not consuming. Eventually, many young men will form into groups, stealing and sometimes drug taking, and become the dangers to our society that we recognise too well.

We should welcome the source of those funds and the use to which they are being put. This Chancellor of the Exchequer is the first for 18 years to be serious about unemployment. The previous Government talked about unemployment for years, but their actions created it. They said that it was a price worth paying. The true price has been the damage done to our society. We now have to give unemployment the high priority that the previous Government claimed they gave it, but did not provide.

I was particularly pleased at the measures on investment and I welcome the doubling of capital allowances. The 25 per cent. allowance was clearly inadequate—it was a disincentive. There are few capital items that do not depreciate in value by more than 25 per cent. in their first year. Twelve months ago, for example, I bought a computer for £2,000. The Inland Revenue says that it is now worth £1,500—a nonsense. I would willingly sell it for that. That item can be written off in three years, but with the pace of industrial innovation many items can be valueless after only a short use.

I understand the limitation on the concession to one year and have no objections. It will encourage companies to bring forward their investment and it is sensible to find out how the pattern of investment changes and then, perhaps, introduce more permanent arrangements.

[Mr. Sheldon]

I also welcome the reduction in mortgage relief. For many years, one of the basic arguments in my Budget speeches has been the need to deal with that matter. One of the many nonsenses of Margaret Thatcher's Government was the way in which people were encouraged to look to their homes as investments. Advantage upon advantage was given to the purchase of houses. Schedule A, which was a way of taxing the notional rent of the house, has been abolished. Capital transfer tax, capital gains tax, inheritance tax and mortgage relief all gave advantages that were not available to those who made what I would call a true investment. *[Interruption.]*

Mr. Deputy Speaker: Order. Many hon. Members are in conversation. A debate is taking place.

Mr. Sheldon: All those advantages encouraged people to invest in their homes. True investment means a return on one's capital based on the more efficient use of that money. That does not apply to housing. Up to a certain level, housing needs some fiscal encouragement, but the trading up for profit was absurd. Such trading up is consumption and, as such, should be taxed like other forms of consumption, not encouraged. I welcome the Chancellor's attitude in that respect.

Finally, the welfare-to-work programme is a recognition of the difficulties of getting people to become part of the employable population. One major problem needs to be tackled—the cost incurred in earning a living. In modern conditions, being in employment results in a considerable outlay. Transport, clothing and meals are large expenses, which have to be offset against the income from employment. When a person moves from benefit to employment, he or she incurs those expenses of earning a living and the tax system does not allow for that.

Inland Revenue rules stem from the time when low earners paid no income tax. Such people lived near their place of work—the mill, factory or elsewhere—their clothes were not an expense and their meals were prepared at home. All that has changed, but the tax system has not adjusted. I well understand the Inland Revenue's reluctance to make some of those expenses tax deductible, but we shall not easily encourage people to move from benefit to work without some recognition of those facts. Any welfare-to-work programme has to take those matters into account.

This Budget has been produced in a very short time. It is a remarkable tribute to the hard work of my right hon. Friend the Chancellor and his Treasury colleagues. I look forward to further developments in next year's Budget.

6.39 pm

Mr. John MacGregor (South Norfolk): I begin by declaring my interests as in the Register of Members' Interests and in particular, a non-executive directorship of London and Manchester, a company which specialises in the provision of pensions and long-term savings especially for those at the lower end of the income scale. That is a point to which I wish to return later.

I want first to make three comments about the global figures and especially about the public expenditure side. My first comment concerns the education and health service figures which have already featured in the debate. In my spare time, I dabble in conjuring so I know that one aspect of sleight of hand is misdirection. In his Budget statement, the Chancellor showed himself, for a few hours, to be an expert in sleight of hand, but his misdirection was not strong enough and the replay has given the game away.

An increase in spending for education in schools of £835 million in England for 1998–99 was taken from the reserves. That mirrors almost precisely the figure that my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), the previous Chancellor, introduced in his Budget last November for this year, 1997–98. The increase for patient care services, about which the Secretary of State for Health talked when opening the debate, is £1.2 billion for 1998–99. My right hon. and learned Friend, in November last year, announced for this year an increase of £1.6 billion for patient services. It is no good for the Secretary of State for Health to concentrate on what he describes as fraud measures and other savings of that sort because my right hon. and learned Friend had a figure of £525 million for increases in patient care resulting from efficiency savings this year in his Budget announcement last November.

I find it astonishing that so many Labour Back Benchers, at the end of the Budget statement, cheered vociferously the increases in expenditure on education and health when they railed against the increases that my right hon. and learned Friend the Member for Rushcliffe announced last November. I remember some of them, who were then in local government, saying how deplorable the increases were and how much they would affect services in their council areas. Why, when they heavily criticised the figures then, did they cheer the same figures for next year when the Chancellor made his statement? I think that one of the reasons was their newness and naivety. They will very soon discover that the Budget was sleight of hand and they will rumble it. They will discover that the figures that they thought were so tremendous were exactly the same as the figures we had. That may be the way in which the Labour Government show that health and education are their priorities. We had exactly the same priorities and exactly the same figures.

My second point—I am sorry that the Chief Secretary to the Treasury has left because I wanted to direct it particularly to him—is that those two sums are taken out of the reserves. That leaves the reserves for 1998–99 very close to the reserves that my right hon. and learned Friend the Member for Rushcliffe had for this current year—£2.8 billion for next year and £2.5 billion for this year. There is, however, a crucial difference, which is that my right hon. and learned Friend was making his provision in November last year, quite close to the new financial year. This time, the figures are being taken out of the reserves many months before the financial year begins.

As a former Chief Secretary, I say to the present Chief Secretary that he is treading on very thin ice because he has given himself little scope for dealing with all the issues—including inflation, but there will be many others—that will come to him between now and November. He is taking great risks with the reserves. One heave from the social security budget and he will go under the ice because he is now very much at the mercy of the social security budget. He will discover, if he does not know already, that that budget can move up very quickly

in unpredictable ways. He must be extremely grateful for the measures that we took as a Government and in particular for the measures taken by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) to control the social security budget.

Another sleight of hand by the Labour party is that the Chancellor and the Chief Secretary are continuing a number of those measures in the coming year and they will have to take legislation through the House to carry them through. I suspect that many Labour Back Benchers have not yet realised that. The danger comes from the fact that the decisions have been taken so long before the financial year begins.

My third and final comment on the global figures, because of the time shortage, is on the great new innovation of the five-year deficit reduction plan. That may be a good title. I was listening to the Budget on the radio and commenting on it as the Chancellor was announcing it. I had in front of me the five-year deficit reduction plan of my right hon. and learned Friend the Member for Rushcliffe, which was on page 17 of last November's Red Book. There is nothing new. The only difference is that the deficit reduction appears to be coming down rather more sharply, and I welcome that.

The major cause for that reduction, however, is the strength of the economy and the buoyancy of tax revenues. That is detailed in the Red Book—or the White Book, or whatever we call it—where the figures clearly show that the increase in revenue is by far the biggest element in the public sector borrowing requirement coming down. Again, that is a helpful inheritance from the previous Government. Given the Chancellor's strategy of taxing now and spending later, the deficit reduction plan is the one plan that I expect to go out of the window. I believe that we shall find that to be true in future years.

Another illusion in the Budget is that it is a Budget for manufacturing industry. I know that the Chancellor emphasised that and for a brief moment, some people in industry were fooled when they first heard the announcement of the reduction in corporation tax. It is clear now, however, that the reduction in corporation tax is dwarfed by what industry will have to contribute to the windfall tax and by the advance corporation tax bills. It will also be dwarfed by the higher interest rates that we shall see shortly and by the effect of the level of sterling. This Budget is certainly not one that is good for industry and investment in industry because most of the pain is being taken by industry.

Like several of my right hon. Friends, I have argued for some time that this is an unnecessary Budget in that we did not need a Budget at this time. One effect of the timing, which I am surprised has not been commented on much so far, is that as this Budget is the second in a single year, we are getting two tax takes in one year. That is especially true of fuel duty.

In the November Budget, my right hon. and learned Friend the Member for Rushcliffe announced a 5 per cent. increase in real terms in fuel duty over a year. This Budget has added another 6 per cent. in real terms so that we now have, instead of an increase of 3p per litre on petrol in one year as my right hon. and learned Friend originally intended—an increase of 5 per cent. in real terms—a 7p per litre increase in one single year. That means a big increase—£730 million in tax revenue compared with £230 million which was the original anticipation. The increase will have a substantial effect on rural areas which will increasingly come through. It was unnecessary to make that second tax hike in a single year.

As I have argued that this is an unnecessary Budget, I cannot object to the fact that the Chancellor introduced many reviews. I know that he has been criticised for the fact that many aspects of the Budget proposals are simply reviews, but I fully understand why he could not introduce changes in some of the areas that he is reviewing. He simply did not have time, which is another reason why it was a great mistake to have a Budget so soon. I accept, however, that it is right to indicate reviews and to take one's time in trying to reach conclusions on them. It would have been very much better, however, if the Chancellor had done that in relation to advance corporation tax, for example, to which I shall refer in a moment.

I now turn to two of the reviews, both of which deal with savings, and this is the main substance of what I want to say tonight. I make it clear that on the savings front, there are two aspects of Labour policy that, in principle, I welcome. The first is the suggestion of a two-rate capital gains tax—short-term and long-term—and the second is the individual savings account. I welcome those aspects in principle.

On the capital gains tax review, I have long felt that the sensible solution to capital gains tax—I entirely agree with the principle of taxing short-term more heavily than long-term and of taxing long-term capital gains very lightly—combined with the need to simplify capital gains tax, which is still very complicated, is tapering. I was never able to persuade the Treasury or the then Chancellor of that when I was there, and I never accepted all the arguments against it. I still think that to tackle capital gains tax on lines similar to the tapering out of inheritance tax—removing the tax altogether after a given number of years—would be a much simpler way to deal with CGT and its inflationary element than the present complex system. I hope that that will be considered seriously in the CGT review.

I want to concentrate on retirement. Most hon. Members know about the problem of funding pensions for future generations. We all know about the demographic time bomb. While we are better placed than the rest of the European Union put together, in that we have £650 billion of funded occupational pension schemes, that will not be enough to provide the sort of pensions that people increasingly look to on retirement, given higher standards of living throughout their working lives. We all know that those are the big issues.

I am astonished that one of the Government's first acts was to go entirely in the reverse direction and hit pension funds and pensioners, both current and prospective. That flies in the face of the general consensus that was emerging on pension reform. The right hon. Member for Birkenhead (Mr. Field) has referred to the matter on several occasions. He must be feeling pretty sore at the way in which he has been so undermined so early by that act when the need lay in the opposite direction. We all know that we need to encourage many more people to make much bigger savings at a much younger age for their retirement, and that the state pension scheme will not suffice.

The Chancellor's argument that dealing with advance corporation tax as he did will help investment was bogus. It will have the opposite effect. It was a cloak for his

[Mr. John MacGregor]

desire for extra revenue, but what an extraordinary way to raise it. The fact that £5.4 billion per annum will be taken out of pension funds, institutions and elsewhere can only damage pensioners. I note from the Red Book that almost four fifths of the revenue from the abolition of tax credits will come from pension funds and the life assurance industry. That means long-term savings. I shall briefly spell out the serious implications of that.

First, there are company pension funds—occupational pensions that are final-salary schemes. The Chancellor tried to justify the move by saying that such schemes were in surplus, that some had had contribution holidays and that they could therefore easily afford the tax. It is true that many occupational pension schemes are in surplus, but those surpluses will not last. A large income reduction will be taken annually from those funds. In the not-too-distant future, even funds in surplus will face problems.

Many occupational funds are not, or are hardly, in surplus. I have seen estimates that suggest that up to half of them will go below the minimum funding reserve soon. They will soon face serious challenges. A decision to top up from employers would take from the resources available to companies for other purposes. One implication of that is lower investment—precisely the opposite of what the Chancellor said that he was doing. The alternative is that the pension funds will seek higher dividends from companies to keep the income flow coming through and maintain the level of pension funds. If that happens, it will again be at the expense of the what the Chancellor seemed to want—more investment by companies rather than higher dividends. Again, he will not achieve his objective.

Whatever company pension schemes with final-salary, defined-benefit schemes do, the effect will be to accelerate the move away from such schemes. I think that that is inevitable, but to accelerate it is damaging because there can be no doubt that final-salary, defined-benefit schemes are best and give the best results for employees. I would not be at all surprised if most final-salary company pension schemes moved, for new employees, towards being money-purchase or defined-contribution schemes. That is one direct result of what the Chancellor has done.

The hon. Member for Gordon (Mr. Bruce) mentioned the position of local authority pension funds. I agree that many local authority funds, which are often not clearly in surplus, will face the choice of reducing their employees' pensions—I will be interested to see how Labour Members react to that—or of increasing council tax to fund their pension schemes. That is another implication of that ACT move that did not come out at first because no one understood what the Chancellor was doing.

The most serious implication is for people with personal pensions and group money-purchase schemes. They have no way out. Their ultimate pensions depend entirely on the size of their individual investment funds. Overall calculations are difficult because individual funds differ, but it is clear that something like 10 to 15 per cent. a year more in contributions will be required from individuals if they are to maintain their pensions. It will vary depending on age and circumstances, but it will certainly be substantial. To maintain their pensions, they face what is in effect a significant tax on them because they will have to raise the higher sum themselves from their income. If they do not, their pensions will be reduced when they retire.

What will the Government do about the state earnings-related pension scheme? If the impact on personal pensions is what I have described, many people will not find it so attractive to stay in such schemes. The Government have not yet addressed that implication. Above all, at a time when we all acknowledge that we need to encourage millions more people to put much more money into retirement schemes at a much earlier age—something that I thought that the Government supported—I find it astonishing that their first steps are in the opposite direction.

I welcome the review of individual savings accounts. I am on record in pamphlets and speeches as recommending something along those lines. As we need to encourage individuals, including people at the lower end of the income scale, to save more for their retirement, it makes more sense to give tax relief to schemes that encourage them to keep their money in savings for a much longer period. One of the disadvantages of tax-exempt special savings accounts and personal equity plans is that they do not do that. With TESSAs, savings come out after five years and there are other problems. With PEPs, savings can be withdrawn at will.

I favour the principle of a review but have two warnings. First, it is important to allow the holders of existing PEPs and TESSAs to continue to have the tax reliefs available to them through those until the completion of the TESSA or PEP involved. To do otherwise would be to have encouraged people to go into the schemes and then to have changed them halfway through.

Secondly, if reliefs are passed into individual savings accounts, as seems to be suggested by the press releases so far, there is an important implication for the permitted ceiling. I am worried about the emphasis on encouraging people in the lower earnings range to be more involved in individual savings accounts. I agree with the principle, but I am worried about it being done at the expense of everyone else. I hope that this is not right, but there was a hint that it would be done by putting a sharp ceiling on the funds that one could hold so that people with significant PEPs could find that the successor individual savings accounts were nothing like as attractive as what they have now. If that were to be the case, it would be a backward step.

I am also worried that the annual ceiling that people are able to contribute to individual savings accounts may be lower than the current PEPs one of £9,000. If that happened, it would be a retrograde step because we need to be concerned not just about those on lower incomes who are saving for retirement, but those on middle incomes.

I for one would not object to an individual savings account, subject to those serious reservations. I certainly would not object if the holders of such accounts had to keep them for a good deal longer than five years—they should hold them until retirement. Above all, one of the most serious objections to the Budget is that if there are to be changes to individual savings accounts and provisions for retirement by 1999, the steps taken on ACT are the most disastrous run-in to those changes.

7 pm

Mr. Tom Pendry (Stalybridge and Hyde): I, too, would like to join in the general chorus of praise for my right hon. Friend the Chancellor's excellent Budget. In content and delivery it was inspirational and it was the best Budget that I have heard in 27 years as a Member. From the responses that I have heard, other than those from Conservative Members, most other sensible people share my point of view.

In the short time available, I should like to refer the Chancellor and his team to the importance of the tourism and hospitality sectors and their potential for securing new, worthwhile jobs in the years ahead. That is very much in line with one of the main themes of the Budget. In fact, in a recent address at Malmö, the Prime Minister recognised that travel, tourism and hospitality are among the most important growth areas of the global economy of the 21st century.

I am sure that the Chancellor would also endorse that view, because he will be familiar with the contents of Labour's policy statement, "Breaking New Ground", which we successfully launched just before the general election. In that document, we promised to create an economic climate in which the tourism and hospitality sectors would thrive. To be fair to the Chancellor, he has made a good start with the Budget.

In that context, I should like to refer my right hon. Friend to a recent publication by the World Travel and Tourism Council, following the summit of the Eight, entitled "Travel and Tourism Creating Jobs". That document mirrors a great deal of what we spelt out in our policy document. In particular, it highlighted the importance of investment, training and education with a view to improving the skills, service and quality of the product and encouraging public and private sector partnerships.

It is regrettable that the tourism and hospitality industries are so fragmented and that national and local accounting, and general economic indicators do not specifically identify their importance. Often, their impact on the economy is not realised and underestimated.

In 1993, the United Nations body responsible for national accounting recommended that Governments should create a satellite account for travel and tourism in an attempt to rectify the situation. I hope that the new Government will give a lead in that respect, by highlighting the importance of those industries and their contribution to the national and global economies.

All hon. Members will be aware that tourism is a successful industry, which employs 3 million people. It is forecast to provide 300,000 new United Kingdom jobs in the next decade. In truth, however, it could do much more and this Government, and every Government, could do a great deal to assist its future growth. I hope that the Chancellor will ensure that the goals that we set ourselves in "Breaking New Ground" will be adhered to. In that document, we stated that the tourism and hospitality industries had much to contribute to a prosperous and equitable society. That is part of Labour's vision and such a society would make those industries develop new opportunities to ensure the well-being and wealth of our country.

As I have already stated, the Budget makes a good start in that direction. I must say, however, that my right hon. Friend the Chancellor could have gone further by addressing a particular worry of the tourism industry. In the November Budget, the previous Government announced that airport passenger duty would double to £10 for flights in the United Kingdom or to another European country, and £20 for worldwide departures. I am concerned about the effect on the valuable in-bound leisure tourism market. Currently, it is worth £12.7 billion in foreign exchange earnings. It is already suffering from the impact of a strong pound.

An extra £20 on APD for a Concorde flight or a business class fare is unlikely to matter to the business traveller. It will, however, make those spending their own money on a short break, a budget off-season holiday or a family trip to Britain think twice. Given that APD is charged per head, it can amount to as much as 25 per cent. of a child's fare. I ask the Chancellor to consider in the next Budget an ad valorem tax or the possibility of exempting children from that increase.

On the subject of APD, I am sure that the Minister for Competition and Consumer Affairs would also deplore the way in which many of the scheduled airlines advertise headline fares that are exclusive of APD and airport taxes. That is misleading and places tour operators at a severe competitive disadvantage, because I understand that they are required by the Association of British Travel Agents code to include such compulsory extras in their brochure prices.

Many thousands of tour operators and travel agents across the country sell domestic and overseas holidays. They have been affected not only by APD but by the impact of changes made by the previous Government to insurance premium tax. May I ask the Chancellor to expedite the promised review of the introduction of the discriminatory level of insurance premium tax, whereby travel agents are taxed at 17.5 per cent. IPT when selling the same or similar travel insurance as BUPA or building societies, which are taxed at 4 per cent? The travel industry argues convincingly that the VAT avoidance practices that that measure was designed to plug never existed. Travel agents are losing a valuable share of the travel insurance business, and the market has been distorted as a result of the previous Government's action.

I hope that the Chief Secretary to the Treasury will address those issues when he replies to the debate. For the first time, perhaps, the tourism, travel and hospitality industries are looking to the Labour party to champion their cause. I hope that we shall not let them down when they request reasonable measures from the Government.

Job creation was central to our policy as set out in "Breaking New Ground". I remind my right hon. Friend the Chancellor that many travel-related jobs are in small and medium-sized enterprises—the backbone of the market economy. A high proportion of those jobs go to women, minorities and young people. There are good opportunities for those who require job flexibility because of study commitments or family reasons.

Another advantage of utilising the job-creating potential of the travel and tourism sectors is that jobs created by them can be targeted at particular regions of the country through promotion or infrastructure developments.

A report released last year by the World Travel and Tourism Council, on the economic impact of travel and tourism in the United Kingdom, showed clearly that that

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sector currently generates 11.6 per cent. of the country's gross domestic product, which is higher than the world average of 10.7 per cent.

The Chancellor is well aware that unemployment is possibly the principal social economic challenge facing most countries. With most new jobs being created in the service sector, which is the dominant part of the economies of industrial nations such as our own, travel and tourism is one of the key services. It is already responsible, directly and indirectly, for more than 10 per cent. of global employment, GDP and investment. It offers unparalleled and largely unrecognised potential for job creation in the 21st century.

In the past 25 years, international travel and tourism has grown by more than 500 per cent. Domestic tourism, which represents by far the largest proportion of the market, has also expanded dramatically in that same period.

In short, the Government are introducing major new initiatives to combat unemployment. Let us make sure that the job-creating potential of travel and tourism is high on that agenda. That was a pre-election promise in "Breaking New Ground". Let us deliver it, just as we are delivering on other pre-election promises.

The Budget has been well received by the tourism industries. The commitment to reduce the strength of sterling is helpful, as the overall number of visits to Britain was down by 1 per cent. at the end of April, and by 7 per cent. in April itself. Cuts in corporation tax will have a favourable impact on the tourism business. Tax measures to encourage the British film industry are also helpful, as films can play an important role: they attract visitors to this country, as the success of the British Tourist Authority's movie map has shown.

All in all, the Budget has been a good start, but there is more to be done if we are to optimise the benefits to our society that tourism can bring.

7.10 pm

Mr. Michael Jack (Fylde): I am grateful to you, Mr. Deputy Speaker, for being called to speak in the debate, as much of what the hon. Member for Stalybridge and Hyde (Mr. Pendry) said about tourism will have resonance on the Fylde coast, an area which I represent. Unfortunately, however, he did not touch on some of the hidden items of the new Government's ideas that will affect tourism—the minimum wage and the social chapter, both of which will have deleterious effects on employment prospects in Blackpool and Fylde.

Budgets are as interesting for what they say as for what they do not say. I listened carefully to what was, in presentation terms—it is never an easy task—a well-delivered Budget. The Chancellor gave us a little clue about forthcoming attractions, not all of them particularly attractive. He seemed to be outlining a policy that would allow him, in 2001 or 2002—having taken a very tough fiscal stance, as he has done in this Budget—to make some form of monetary easement, perhaps for short-term political advantage.

To that end, I fear that we are seeing just the beginning of further tax rises. Some commentators have indicated that, in terms of addressing our so-called structural deficit, the Chancellor has not gone far enough. Indeed, they put forward the view that if the Budget's objective was to control consumer spending, he may not have gone far enough. I might not entirely agree with that strategy, but I am sure that that is what he is doing. I fear that there will be further fiscal tightening to come.

My right hon. Friend the Member for South Norfolk (Mr. MacGregor), a former Chief Secretary to the Treasury, rightly reminded us that my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), the former Chancellor, left this country's public finances in an excellent state. It was with some surprise that, one year after we last published estimates, I saw in the Red Book that the total Inland Revenue tax take had increased by some £10 billion.

I remember the guffaws from Labour Members at our Red Book figures in the previous Budget, when we improved public finances. We were attacked for our timetabling for the closing of the fiscal balance. We have now seen that we were right. We beat the public sector borrowing requirement estimates in the Red Book by some £3 billion. The legacy that my right hon. and learned Friend laid down has come to fruition in the figures that the Labour Government have at their disposal. That is, perhaps, another reason why my right hon. and learned Friend would not necessarily have gone down the same route that the present Government have taken.

What does the strategy that the Chancellor is following mean? It seems that he has taken the Pontius Pilate approach to setting monetary targets, which he sub-contracted to the Bank of England. In trying to deal with consumer spending, he lays us open to the first serious risk of the Budget. He has given the Monetary Policy Committee of the Bank of England the task of hitting his inflation target. I shall have a word or two to say about that in a moment. That committee will not want to miss his target.

There is a very real danger, as Roger Bootle reminded us in *The Times* today, that there will be an over-tightening of monetary policy, with sterling continuing to rise, which will affect our manufacturing industry to the extent that there may be a form of monetary overkill. When we look at the inflationary factors in the economy at present, we see tight control over the important price indexes. We do not see a runaway in terms of earnings, at around 4.5 per cent. The marketplace is extremely competitive and will remain so because of the advantage to those who bring in goods from overseas.

The Chancellor seems to have ignored that in his strategy. In fact, on monetary policy, he has almost become a Chancellor without ambition. It is noteworthy that he relaxed my right hon. and learned Friend's tight inflation target of $2\frac{1}{2}$ per cent. or less. I can remember the current Chancellor attacking the Conservative Government for having an inflation target that was above some of the European comparators that he chose, but now that he is in office and he can see the dangers of an over-tight monetary regime, he has given himself room for manoeuvre, so much so that he has upped his inflation target to $2\frac{1}{4}$ per cent. for the next financial year. It is quite remarkable in some ways how the Red Book does not look ahead more than one year in terms of tax revenues and two years in terms of spending revenues.

The right hon. Gentleman is also a Chancellor without ambition in terms of the potential of the British economy. Any Chancellor who goes backwards in his growth forecast for the British economy to a forecast of 2¼ per cent. shows little faith in his own policies, which he says are supposed to improve the productive capacity of the economy, increase investment and do all the other supply-side things to which his Budget alluded.

It is quite interesting that, when the smoke clears, one sees how little ambition the Chancellor has on inflation and on growth in the economy. That is, perhaps, not surprising, because forecasting is difficult, particularly when it comes to monetary policy. The Economic Secretary to the Treasury, who is in her place, reminded me of that when I asked specific questions on interest rates. Her reply was a telling contribution:

"it is not possible to be sure about the precise level of interest rates required to hit an exact inflation rate ten months ahead."—[*Official Report*, 3 June 1997; Vol. 295, c. *147*.]

We know about the uncertainties of forecasting inflation rates and growth.

Other right hon. and hon. Members tellingly pointed to the fact that, now that the smoke has cleared, the fizz has gone out of last Wednesday's Budget champagne. By Thursday, a headline in the *Financial Times* pointed out that "Poorest Households Fare Worst". If a Conservative Budget had received such a headline, we would have been taken to the proverbial cleaners, but Labour Members cheered. These were socialists cheering. What a great beginning for socialists, who raised so many expectations in the election that those at the bottom of the pile might benefit. Those are the people whom the new Chancellor clobbers straight away.

By Sunday, the journalists were warming to the task in their critique of the Budget. David Smith in *The Sunday Times* entertained me over my cup of tea to the headline, "Brown gets into a budget mess". That is a pretty quick downward road to disaster for the Budget.

We also find that, despite all the meticulous planning of the Budget, within 24 hours the Paymaster General is rowing back from his proposals on foreign income dividends. That is a technical but important area of detail for Britain's overseas trade, involving the location of foreign companies with large-scale foreign interests in this country. When those companies blanched and said that they might have to move away, the Paymaster General quickly rowed back. That is not an issue to be tackled by amateurs, but the Government have taken an amateurish approach to a difficult subject.

One could argue that the same amateurism was shown over advance corporation tax. It is true that previous Conservative Governments took action in that area. One of the arguments that the Chancellor advanced was that the measure would achieve two ends. He said that it would encourage investment because it would take the pressure off companies to distribute profits. But that argument does not hold up. The former Chancellor, Norman Lamont, did not achieve that result when he reduced tax credits from 25 to 20 per cent.

The second argument advanced was that the measure would provide some sort of beginning for a change in corporate tax. The United States has a classical corporation tax system, and the percentage of profits distributed through the imputation system is greater there than it is in the United Kingdom. The case has not been made for a change in ACT bringing the investment results suggested by the Chancellor.

The more telling point involves the impact on individuals. My right hon. Friend the former Chief Secretary went as far as to say that considerable extra contributions could be required, particularly for those with personal, as opposed to final salary, pensions. It is a tawdry little Budget—the Government have not come clean and spelt out its financial implications.

We are supposed to live in the world of open government, but it takes the money page of the *Financial Times* to open the eyes of the individual. In his moment of discomfiture, I refer the Chief Secretary to what he may have read on Sunday. Using PensionStore as its source, *The Sunday Times* makes clear the effect of the abolition of ACT relief on personal pension holders who invest £100 a month. Assuming a 9 per cent. return per annum before abolition, a person aged 30 would have to pay another £20.12 a month to deal with the consequences of the Budget. Someone aged 40 would have to pay £13.69 and someone aged 50 would have to pay £7.52.

That measure has come from a Government who talk about building for the long term. Their monetary stance has made life exceedingly difficult for people who will now face considerable rises in their mortgage interest payments. Those payments will also rise considerably because of the reduction in tax relief on mortgage interest. A hidden tax has been introduced. It is incumbent on the Government to come clean and publish far more data, to ensure that people understand precisely what it is that the Government have in mind, so that they can make the appropriate personal finance arrangements to get their house in order.

I also ask the Government to give a commitment tonight to come clean as quickly as possible on the subject of personal savings accounts. People who are trying to decide whether to invest in PEPs or TESSAs will be in doubt about what they should do. We are talking not about fat-cat speculators, but about ordinary individuals with modest savings, who have been left in the dark about what the Government have in mind.

Mr. Ian Bruce: I know that my right hon. Friend is an expert in corporation tax matters. When I, as an ordinary investor, receive my dividend from a company, I also receive a tax credit, which I am able to spend the next day; I am credited with the tax that has been paid by the company. Surely, pension schemes were being credited with that money, then when a pensioner received the benefit later, he would pay income tax on what he received from the pension company. The Government have introduced double taxation: the pensioner will be taxed and the company will be taxed.

Mr. Jack: My hon. Friend is right. To develop that line of thinking: the Government have taken £5.4 billion out of the investment potential of those pension funds. Where is that money supposed to be coming from? It is already clear that companies are suggesting that their pension holidays will soon be over and they will have to find more money from somewhere to meet their obligations. The comments that I have just made about personal pension funds show that the impact will come sooner rather than later. The Government will rue the day that they introduced that measure.

[Mr. Jack]

Some people—including one correspondent in a national newspaper—have suggested that the measure will improve the performance of pension funds. That is a fair line of argument, but a dawn raid of unparalled proportions on the long-term future of people's savings was not the method to use. The measure was introduced by a Government who are supposed to believe in the long term.

One of the saddest items in the Budget is the removal of tax relief on the contributions of those who have taken out private medical insurance. It is a nasty, spiteful tax in which the Government can have no pride. It is little wonder that those on the Treasury Bench are looking away from me while I make these remarks. [*Laughter.*] Labour Members may laugh, but many people—some of whom took out private health insurance because their unions or their employers made it available to them as a benefit—wanted to keep that benefit into their old age, and the tax relief helped them to do so. Labour Members can chuckle as much as they like now, but they should wait until the first elderly person comes through their advice bureau door and asks why he has had to give up the benefit.

The Treasury has offered no costed information on the impact of that measure on the national health service. The only information that I have received on the subject has come from the Association of British Insurers. I concede that it is biased, because it represents the insurance industry. Its press release states:

"If half the 550,000 over-60s with medical insurance give up their cover, they would only need to cost the NHS £440 each in a year for the anticipated £120 million saving in tax relief to be used up."

The press release concludes with a telling remark that is chilling for the Chief Secretary:

"Yet the average paid out annually in claims for this age group is some £760".

Where will the extra money come from, to deal with any one person—never mind about half the total number—who falls out of the health care insurance system?

The people affected by the measure are not evenly distributed around the country. They are concentrated in certain areas such as the Fylde coast and the south coast, where there are large percentages of elderly people. The Government should give a clear assurance from the Dispatch Box tonight that they will assess the costings and the impact of that measure on each and every health authority in the United Kingdom.

There was a remarkable throw-away line in the Budget involving personal taxation, which points the way to the future. The Chancellor said that he wanted to introduce a 10p starting rate when it was prudent to do so. I am looking forward to the Government's definition of prudence, but I am also looking forward to how they will deal with the 10p starting rate, because I think that therein lie some fundamental changes to the way in which income tax will operate.

The one commitment the Chancellor has not given is what will happen to the 20p band—that has been left unsaid and it would be useful to know what the long-term tax objective is. Do I see 20p going and 10p arriving? If I do see that occurring, will it be on the first £1,000 or £2,000 of income? If that is the way in which the Chancellor's mind is working, I see the 20p band going and he might be bold enough to make some further changes—changes to the allowances. Unless he does that, the 10p band will remain utterly illusory, in that it will be basic-rate and higher-rate taxpayers who will be the beneficiaries of 80 per cent. of the arrival of a 10p tax rate. It will do nothing for low-paid taxpayers.

I believe that that forecasts future changes in allowances and even changes in the basic rate structure. It will be incumbent on us to keep an eye on that scenario, because there are too many variables changing. It would be another golden opportunity for the Government to impose not only the 17 tax increases we have had so far, but the 18th, 19th, 20th and beyond.

7.30 pm

Mr. Ivan Lewis (Bury, South): Thank you, Mr. Deputy Speaker, for giving me the opportunity to make my maiden speech in this historic Budget debate—the first Budget by a Labour Chancellor for nearly 20 years.

It feels especially appropriate that I am making my maiden speech in this debate, because 12 years ago, at the age of 18, I began my working life on a work and training programme for Outreach—a voluntary organisation in my constituency—working with people with learning disabilities. Many of my colleagues, who, at that time, were young or long-term unemployed people, went on to take university degrees or gain responsible positions in the public and private sectors.

I went on to found and work for a local voluntary organisation, Contact Community Care, before becoming chief executive of the Manchester Jewish Federation in 1992 and remaining in that post until my election. I, therefore, know more than most about the benefits of the sort of opportunity that the Government seek to extend to all today's young and long-term unemployed people.

My right hon. Friend the Chancellor and the Treasury team are to be congratulated on an excellent Budget, which gives practical effect to our fundamental belief that social justice and economic prosperity are inextricably linked. The Budget lays the foundations for a radical reforming Government, who will rebuild Britain as one nation—a Government who recognise that improved public services cannot be delivered without sound and prudent economic management, but that sound economic management can never include spending millions on welfare and not work, or on the national health service internal market rather than patient care.

My right hon. Friend the Chancellor is to be congratulated, not only on the Budget, but on his first nine weeks of bold and much-needed reform. One measure on which I want to focus is his decision to end self-regulation of the banks and financial institutions. My local authority, Bury, lost £6.5 million in perhaps the greatest banking scandal of all time—the collapse of the Bank of Credit and Commerce International. It is reasonable to believe that, had the new system of regulation been in place, that scandal would have been uncovered at a far earlier stage and who knows how many investors would have been saved from ruin? My hon. Friend the Member for Leicester, East (Mr. Vaz) deserves much credit for his work to date on that issue.

Equally important to me, I congratulate my right hon. Friend the Chancellor on his appointment of Mr. Howard Davies to head the new regulatory body. Any man who, like me, has suffered a life-long, passionate and traumatic

relationship with Manchester City football club deserves recognition for staying power and stress-management skills, if for nothing else. Following the election, Mr. Davies will be reassured that sometimes years in the wilderness do have a happy ending.

The Budget will make a real difference to the lives of my constituents, especially young people, pensioners and lone parents. Approximately 500 under 25-year-olds will be given the chance to earn and the chance to learn—young people rescued from the futility and alienation of unemployment and given the chance to become stakeholders in our society.

A country that claims to be decent and civilised and seeks economic competitiveness cannot afford any more lost generations. Of course, it is right that the welfare-to-work programme is paid for by the windfall tax on the excess profits of the privatised utilities—resources taken from the few and provided for the benefit of the many. Corporate freedom must also mean corporate responsibility.

The reduction of value added tax on fuel will also be welcomed by my constituents, especially the 15,000 pensioners who suffered more than most when that unjustifiable warmth tax was introduced by the previous Government. Lone parents are at last to be assisted, not scapegoated. The proposals to expand child care places are especially welcome. As a patron of my local Kids Club Network out-of-school child care clubs, I am particularly pleased with the emphasis on that form of child care and the recognition given to the excellent work of Kids Club Network throughout the country. The extra resources for health will help my local providers plan on a long-term basis and replace competition by collaboration and co-operation—patient care, not bureaucracy, will once again top the national health service's agenda.

Bury, South is the constituency where I was born and where I have lived all my life, which is why I am especially proud to be standing here today, delivering my maiden speech. The constituency is situated to the north of Manchester, in the valley of the River Irwell, in the shadows of the Pennines, at the edge of the east Lancashire plain. It comprises three distinct communities—Radcliffe, Whitefield and Prestwich, all of which, given their acute sense of identity, would like their own referendum on the devolution of power from Bury.

Radcliffe is an old Lancashire mill town, famous for its paper-making industry. Like many similar towns, it has suffered from the devastation of manufacturing industry in the 1980s, although some paper mills have survived and remain an important source of local employment.

A fine example of a thriving and successful British company in Radcliffe is Fragrance Oils Ltd., which sells its perfumes successfully on the world market. The Under–Secretary of State for Wales, my hon. Friend the Member for Neath (Mr. Hain), and I had some difficulty explaining to our wives the pleasant odour that stuck following our visit to the perfume plant during the general election. Radcliffe has been designated a regeneration area and its residents look with optimism and hope to the new Government to create economic conditions that encourage long-term investment and partnership.

Ainsworth is a small, picturesque and beautiful village on the edge of Radcliffe. Its community association is a fine example in modern times of community pride and shared responsibility in action. Whitefield and Prestwich are commuter-belt communities, each with a proud history. In recent years, Whitefield has sadly become synonymous with the M62 relief road—a proposed widening of the M62 motorway, which was subsequently abandoned by the previous Government. To date, that abandoned road scheme has cost £25 million to £30 million of taxpayers' money, blighted a once-pleasant residential area and exposed incompetence of the highest order in both the Department of Transport and the Highways Agency. Not only do my constituents deserve redress for their suffering, but they, more than most, will welcome the Government's determination to end the love affair with road building and seek a truly integrated public transport system.

The third community is Prestwich, which is known for its great municipal park, Heaton park, which also straddles the constituency of my hon. Friend the Member for Manchester, Blackley (Mr. Stringer). Prestwich was home to a significant nationally known psychiatric hospital until recently, when, like many similar institutions, most of its services were removed and the land sold for use as a superstore.

I have been a long-time strong and passionate supporter of community care and an opponent of the institutionalisation of people with mental health problems and learning disabilities, but there is much local evidence that community care sometimes fails society's most vulnerable members because of a lack of co-ordination between social and health care providers. That is an issue which the Government must address. Prestwich is also proud to have a new partnership between business, the voluntary sector and the local authority, which is working hard to regenerate the locality.

Another distinctive element in my constituency is harmony and mutual respect between the different faith communities. Bury, South has one of the most vibrant and thriving Jewish communities in Britain. I am proud to be a member of that community, with its impressive myriad learning establishments and charitable organisations.

Bury, South is part of a metropolitan borough that also incorporates the constituency of Bury, North. Bury is especially proud of its family of schools, and the partnership between the local education authority, parents, teachers and governors has been the springboard to high standards of education achievement. In 1996, Bury LEA was second nationally in the league tables covering GCSEs with five or more grades A to G and fifth in the key stage 2 tables.

The Labour local authority is also proud of its community safety and environmental partnerships, which are models of good practice. Bury has achieved national acclaim for its innovative work involving young people in decisions that affect their lives. Sadly, over a number of years, that imaginative and innovative work has been undermined by budget cuts far worse than those in similar local authorities. I cannot overstate the importance of creating a local government funding regime that is fair and rational, but I am delighted by my right hon. Friend the Chancellor's announcement of increased revenue and capital investment in our schools.

We are realistic about public spending constraints, but simply request that we receive our fair share of the existing cake. The quality of local children's education now depends on it.

[Mr. Ivan Lewis]

In a maiden speech, it is customary to pay tribute to one's predecessor. In my case, that is not difficult, as our differences were always political and never personal. David Sumberg was regarded as a decent parliamentarian by Members on both sides of the House. Many will remember him as a Ronnie Corbett lookalike. Indeed, his visual place in history will be preserved for ever as he sat immediately behind Sir Geoffrey Howe—now the noble Lord Howe—during his historic statement which led to the fall of the then Prime Minister in 1990.

As well as being PPS to the then Attorney-General, David Sumberg will also be remembered as an effective and independent member of the Select Committee on Foreign Affairs. His questioning of Ministers during the Pergau dam and arms to Iraq affairs demonstrated his sharp brain and strong commitment to the integrity of the Select Committee process. He was also given the honour of seconding the Loyal Address in November 1989.

David Sumberg had a high regard for his predecessors and Members representing parts of the constituency when the boundaries were changed. I mention in particular Frank White, Jim Callaghan and the late Michael Fidler, who were excellent constituency Members who were respected in the House. I suspect that they would have found the new Parliament quite a culture shock with many more women and young people making us a truly representative people's Parliament.

The Budget that we have discussed in the past few days not only makes good the Government's election pledges, but reflects the people's priorities. It stands for work not welfare, patient care not bureaucracy, stability not boom and bust, long-term investment not short-term exploitation. The people of Bury, South have welcomed the Budget and the foundation it lays for the economic and social regeneration of our country.

7.41 pm

Mr. David Ruffley (Bury St. Edmunds): Thank you, Mr. Deputy Speaker, for allowing me to speak for the first time in this important debate on the Budget. I congratulate the hon. Member for Bury, South (Mr. Lewis) on his eloquent, knowledgeable and thoughtful maiden speech.

I am very conscious of the huge privilege that the electors of Bury St. Edmunds have bestowed on me. It is truly an honour to represent such a beautiful and historic part of Suffolk—a county which I have long felt was the true Garden of England.

Mine is a new constituency, resulting from boundary changes effected since 1992. One half of the constituency was formerly represented by my hon. Friend the Member for West Suffolk (Mr. Spring) and the other half by my hon. Friend the Member for Central Suffolk and Ipswich, North (Mr. Lord), who is in the Chair and whose elevation to the post of Deputy Speaker was widely and warmly celebrated in the county. My hon. Friends have advised me wisely and well over the months and I thank them for their many kindnesses. They did more than give me good advice, however; they also gave me some excellent parts of their former constituencies—for which I was enormously grateful on the evening of 1 May, as I had to sit through two nail-biting recounts.

I have learnt that Suffolk people are quiet but single-minded in their determination to ensure that their local interests are protected and advanced by hard-working, effective local Members of Parliament. My immediate predecessors have set very high standards in that regard and I shall do my best to emulate them.

With the indulgence of hon. Members, I should like briefly to describe the geography of my constituency. I seek not merely to follow a convention of the House, but to assist some of my constituents who are still not quite sure which constituency they live in, given the new, radically reshaped boundaries.

To the west is Bury St. Edmunds, a market town of true distinction. It is a veritable jewel in the crown in the county of Suffolk. It was once the county town and, morally, in many people's eyes, it still is. It retains its impressive 11th century layout together with remarkably unspoilt narrow streets and fine Georgian squares. Thomas Carlyle called it

"a prosperous, brisk town beautifully diversifying".

That remains true today, as Bury boasts the largest sugar beet factory in the country and the largest malt extract manufacturer in the country. The highly successful independent brewery Greene King is also a major employer in the town. Its excellent product does not yet appear to be available in Bars in the Palace of Westminster, but I shall be working on that.

To the east of my constituency lies Needham Market, a growing settlement, and Stowmarket, a town once famous for its woollen industry and now known for the major businesses of ICI and Muntons.

To the north are the attractive villages of Redgrave, the Thornhams and Gislingham, which represent the most northern parts of Suffolk, bordering on Norfolk. To the south are the beautiful villages of the Bradfields, Felsham and Gedding, which form our border with south Suffolk.

My constituency is an attractive place for many reasons. That is why so many people choose not only to retire there, but to live and work there. The majority of us in Bury St. Edmunds share a common desire to preserve and conserve what is best in our environment and our way of life while, at the same time, being flexible enough to take advantage of economic developments that benefit the area. As the new millennium approaches, Bury St. Edmunds will meet the challenge of economic change.

The Budget purports to address the problems created by economic change. Perhaps almost all of us on both sides of the House agree that economic change is inescapable and that the notion, "Stop the world, I want to get off", is practically and intellectually unsustainable. It is simply not an option for a modern, mature, western industrialised democracy.

However, the Conservative response to dealing with economic change, such that increases in living standards and better public services are delivered, remains poles apart from that of the Government as outlined in the Budget. It is more in sorrow than in anger that I say that the Budget does not do enough to advance the values of free enterprise, thrift, personal responsibility and personal prosperity that are in sympathy with the real instincts of the British people.

The Budget was skilfully presented; there is no doubt about that. However, when a senior Member said to me that it was a cunning Budget and that the Chancellor was a cunning man, it put me in mind of the dictum of the first Viscount of St. Albans, Francis Bacon, who said,

"Nothing doth more hurt in a state than that cunning men pass for wise."

The Chancellor of the Exchequer is a cunning man, but I fear that he is not a wise man. He is not a wise man because he believes that he can take about £10 billion over three years from the corporate sector on advance corporation tax—and more with the windfall tax—without affecting investment levels or the standard of living of individuals. As my right hon. Friends the Members for South Norfolk (Mr. MacGregor) and for Fylde (Mr. Jack) said, the abolition of the dividend tax credit will affect companies and individuals, no matter how much it is argued to the contrary. Companies face a choice between contributing more to their pension schemes—reducing investment to pay for it—and cutting pension benefits for their employees. By the same token, individuals with personal pensions must either cut their living standards today to put more into their schemes than they would have to otherwise, or take the hit delivered by the Budget—lower living standards—when they draw their pensions in the future.

The ACT change will be a disincentive to investment in other ways. It will lead to a switch by investors in United Kingdom equities to foreign equities and, as my hon. Friend the Member for Havant (Mr. Willetts) has said, to a much less efficient market in capital. Let us not forget the windfall tax, which will reduce dividends and thus hit those in pension funds and other shareholders. It will exert upward pressure on utility prices and downward pressure on investment.

Those tax increases may not be all that visible, but they are certainly not painless, as I believe the public will recognise in due course. The other, more visible, tax increases in the Budget have already dismayed many of my constituents. The rise in petrol duty will hit rural dwellers who rely on their cars as their sole means of transport. Mortgage payers in my constituency will pay more as a result of the MIRAS change. People in Bury St. Edmunds do not understand why that is necessary to dampen down the housing boom, given that Suffolk is nowhere near experiencing such a boom.

The news on the spending side that there will be more funds for Suffolk schools and hospitals has raised expectations. Next year and the year after, I shall monitor the position to ensure that Suffolk receives its fair share of what money is available.

There was one disappointing omission from the Budget. Just before the Budget, I conducted a survey of several hundred small businesses. The majority of business men advised me in writing that a reduction in business rates was the best way of assisting them. For the sake of shops and other small and medium-sized businesses in Bury St. Edmunds, Stowmarket, Needham Market and other villages in my constituency, I ask the new Government to consider giving business rate relief on at least the first £1,000 of a business's rateable value, as we proposed in our general election manifesto. Given new Labour's track record of purloining the best bits of Tory economic policy, I confidently expect the Chancellor to include such a measure in his next Budget. Conservative Members will keep up the pressure on him to do so.

The more I study the Budget, the less economic justification I see for it. It would appear that the Chancellor has jacked up less visible taxes now in order to raise revenue that he will then use to cut more visible taxes with a fanfare of trumpets at some future date—say March 2001, if I may pick a date entirely at random.

Be that as it may, it is clear to Conservative Members that such economic success as the new Government can achieve will be due to the excellent economic circumstances that we bequeathed on leaving office.

My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) was the brilliant architect of a lasting economic recovery, based on historically low inflation and low interest rates, falling borrowing and falling unemployment, and an improved balance-of-payments performance.

It is true that this remarkable inheritance was not appreciated at the last election and Conservative Members have some hard lessons to learn from that, but I give notice, in a friendly and, I hope, helpful way, that we shall put across a fresh and reinvigorated Tory economic argument next time. In the meantime, we shall be unstinting in our determination to lay bare the deficiencies in the Government's economic approach of which the British public need to be made aware.

I thank the House for its generous welcome and I thank hon. Members for listening to my views on the critical issue of the country's economic future.

7.54 pm

Mr. Russell Brown (Dumfries): I apologise for trying to intervene earlier, having not yet made my maiden speech.

I congratulate the hon. Member for Bury St. Edmunds (Mr. Ruffley) on his excellent maiden speech. Obviously, I hope to follow suit. I make my first speech with a certain amount of trepidation, but, as a great deal of courtesy has been shown to others in a similar position, I am sure that I shall be able to survive the ordeal.

Like many other Members who have been elected for the first time, I hoped for many months that I would achieve victory on polling day and become the first-ever Labour Member of Parliament for Dumfries. Although tremendous effort was put into our campaign, however, it is true to say that, even in our wildest dreams, we had never contemplated the size of the eventual majority.

I pay tribute to my predecessor, Sir Hector Monro. He was a local man, who served the constituency well for more than 30 years. He was admired by many people in all walks of life, and he cared passionately about the people whom he represented in the House. Throughout his career, he faced many difficult times—both in ministerial posts and as a Back Bencher—but none more difficult than the tragedy of the Lockerbie air disaster of 1988. At that extremely difficult time, he showed truly statesmanlike qualities; I am sure that lesser mortals would have broken under such pressures. Let me add, in view of the latest speculation about the Lockerbie disaster, that I—like my predecessor—have every confidence in the Scottish legal system, and I urge that the suspects be brought to Scotland for a fair trial.

Sir Hector showed his calibre in many ways. Another perfect example was on an occasion when, although his own wife was not in the best of health and although he and I were at opposite ends of the political spectrum, he showed great concern and sent good wishes when my wife and I were seriously injured in a road accident some years ago. That was the calibre of Sir Hector Monro, who will definitely be a hard act to follow.

What of my constituency, Dumfries? It is a large rural seat measuring nearly 2,500 sq miles, whose industry is centred on agriculture, tourism, textiles, forestry and food

[Mr. Russell Brown]

processing. There is some light engineering, but the only heavy industry is boiler making, which takes place on the outskirts of my home town of Annan. That boiler-making company is now a subsidiary of the Rolls-Royce group, and, in its early days, the site saw the manufacture of the world's first submarine. Tragically, it is intended to resurrect that same submarine off the coast of the Isle of Man in the near future.

The constituency is also home to a number of well-known companies such as ICI, British Nuclear Fuels Ltd., Gates rubber company and Glaxo Wellcome. Unfortunately, one of the directors of Glaxo Wellcome told me earlier today that the site in my constituency is to be sold. I shall, of course, seek reassurances in the coming days on behalf of the local community and members of staff working on site.

Tourists are attracted to the constituency in great numbers by the scenery, history and tradition of the many towns and villages, which include Gretna—the marriage centre of Scotland, if not Europe or even the world—Lochmaben, supposedly the birth place of Robert the Bruce, and Dumfries itself, the resting place of Scotland's national bard Robert Burns.

At this time of year, the different communities hold their common riding and march riding ceremonies, which in some instances date back a number of centuries. It is not uncommon to see the populations of our towns and villages double or even treble on one day when visitors flock to follow those ancient ceremonies and traditions.

Only on Saturday last, the main street of my home town was thronged with thousands of people to watch the closing ceremony of our day of celebrations, which involved 27 pipe bands from many different parts of Scotland, England and Northern Ireland. It is a ceremony to stir the heart of any Scot, and one which saw the return of many people to their home town from many parts of the country, and even from different corners of the world, to be back among loved ones and to share the excitement of our traditions.

Dumfries is a rural constituency but it is not a rural backwater. It has provided many firsts—for example, the world's first savings bank, which was founded by the Rev. Henry Duncan in the village of Ruthwell in 1810. The building is now a museum. The only Buddhist temple in Britain is to be found at Eskdalemuir, near Langholm. It was established in 1967 and officially opened in 1988.

The first operation in Europe to be performed under anaesthetic was carried out on 19 December 1846 by a Dr. Scott at the original royal infirmary at Dumfries, about two days earlier than many other claims. The first nursing lectures in Great Britain—possibly in the world—were delivered in 1854 at the Crichton royal hospital, Dumfries, six years before Florence Nightingale's. How sad it is that in 1997 the Scottish Office, under the previous Government, has decreed that the constituency's only nursing college, after such a long time, must move to Bell college in Hamilton next year.

I mentioned earlier that Robert Burns is buried in St. Michael's churchyard, Dumfries. He wrote a number of his great works while residing in the locality as an Excise man between 1788 and his untimely death in 1796.

Other famous literary names are associated with the constituency, including Hugh MacDiarmid, a 20th century poet who was born Christopher Murray Grieve in the town of Langholm in 1892. The author J. M. Barrie was educated at Dumfries academy. It is said that he dreamed up the magical story of "Peter Pan" having been inspired by a Dumfries garden.

The world's first pedal cycle was invented in southern Scotland between 1838 and 1840 by a gentleman called Kirkpatrick Macmillan. Without him, I wonder whether we would have ever heard that famous command from a former Member for Chingford, when he instructed the unemployed in the 1980s to get on their bikes and go to look for work. I am sure that we would have heard that same comment.

It would be somewhat remiss of me if I did not mention one of the greatest engineers ever, who was born in the village of Westerkirk, near Langholm. Thomas Telford started his career as an assistant bridge builder in the town and was responsible for the construction of the Caledonian canal, more than 900 miles of roads in Scotland and more than 100 bridges. He undertook significant improvements to harbours in Wick, Aberdeen, Banff and Leith. The expertise of Thomas Telford went way beyond the Scottish border when he superintended the construction of the Shrewsbury-Holyhead road, which involved the Conway bridge and the Menai suspension bridge.

As a rural constituency, Dumfries has been especially hard hit by the beef crisis, but I am heartened by the positive attitude that has developed over recent weeks. However, I am not so naive as to think that a solution is imminent. At the same time, I urge right hon. and hon. Members to be supportive of action that is being taken by my right hon. Friend the Minister of Agriculture, Fisheries and Food to move us towards the lifting of the ban and thereby relieving the pressure on rural economies throughout the country.

The future of our nation will be based on a strong economy, the foundations of which are built upon a strong industrial base. It must be an economy that looks to the future in the long term rather than what we have seen in recent years with the boom-and-bust economics of the previous Government.

Communities, families and individuals are all seeking security, hope or prospect—in other words, something around which to build their futures. My right hon. Friend the Chancellor of the Exchequer showed the first signs of such a future in his Budget statement last week. The Budget delivered exactly what was promised to the country during the Labour party's election campaign and spelt out in the party's manifesto.

Investment in industry, whether in the form of technology, research and development, infrastructure or the training of staff has been in decline for a number of years. The proposed reduction in the rate of corporation tax will encourage much-needed investment, and increased capital tax allowances for small and medium firms will be of particular benefit to rural constituencies where small and medium firms are in abundance.

As a nation, we cannot go forward if we are spending on benefits and keeping families on the breadline, and in many instances in poverty. It must be understood that rural poverty exists. The fact that we now spend as much on the benefit system as we do on our children's education is a clear sign of where we have gone wrong over the past 18 years. In 1979, we were spending twice as much on education as we were on benefits. We need to turn the

situation round. The welfare-to-work programme will set about reversing an 18-year trend. Our young people and long-term unemployed are looking for hope and a future. They are looking also for proper jobs combined with training.

The Budget statement is also about our children's education and their future. Additional funding from the windfall levy will equip our schools in the race towards the 21st century. Additional funding in the next financial year will resource our schools in our push towards raising standards.

The move away from red tape and bureaucracy and the transfer of moneys into frontline patient care was the promised start for our national health service. To this, my right hon. Friend the Chancellor is giving a further commitment for the next financial year. Such action has been greeted with great relief in my constituency—a constituency trapped in red tape, with a health board and two trusts. I look forward to early action on that issue. Bureaucracy, fraud and red tape must be tackled. I was delighted to hear my right hon. Friend the Secretary of State for Health commenting on those matters.

I understand fully the position in which we find ourselves with the private finance initiative, but we must mould it into a system that meets the need for which it was designed and provides the hospitals that are needed. It should not be a pool of money to be drawn upon and wasted in paying consultants' fees.

If there is a downside to the Budget, it must be in the increase in road fuel duties. I endorse the need to reduce carbon dioxide emissions, but such an increase hits rural areas especially hard. In rural areas, 25 per cent. of households do not own a private car. During the working day, the number of isolated households can rise to 50 or even 60 per cent. because the family car is being used elsewhere or because no public transport is available. We must aim to improve the transport network, particularly in rural areas, if we are keen to reduce traffic levels on roads in rural areas.

In rural areas, there is perhaps concern not so much about fuel duty but about the disparity of pricing by oil companies. I know that, in my constituency, a journey of 30 miles can include a price variation in fuel of 8p or 9p a litre. That issue must be addressed.

I thank right hon. and hon. Members for the friendliness and appreciation that they have shown and I look forward to taking part in many more debates in the coming years. I am honoured to speak in support of the Budget statement.

8.8 pm

Mr. Peter Brooke (Cities of London and Westminster): It is a pleasure to follow a notable trio of maiden speeches—those of the hon. Member for Bury, South (Mr. Lewis), my hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) and the hon. Member for Dumfries (Mr. Brown). I congratulate all three on their speeches.

I thank the hon. Member for Bury, South for the pleasant words that he said about his predecessor, David Sumberg, and I share with him an admiration for Howard Davies, with whom I coincided at the Treasury. My hon. Friend the Member for Bury St. Edmunds is my constituent. I was as delighted by his victory as I was warmed by his maiden speech. All Conservative Members would want me to thank the hon. Member for Dumfries for his tribute to Sir Hector Monro, who sat in the House, and on the Conservative Front Bench, for a long time. A hundred of the most pleasant hours that I have spent in the House were spent as Whip on the Wildlife and Countryside Bill when Sir Hector led us in Committee.

I apologise through you, Mr. Deputy Speaker, to those on the Treasury Bench for the fact that, in speaking late in this four-day debate, due to mechanical problems outside my control, everything that could be said about the Budget has already been said, and I shall not be able to subject it to any new-minted critical analysis such as my right hon. and hon. Friends subjected it to last week and today.

I heard some of the contributions from my right hon. and hon. Friends and read all those that I did not hear, as I have those from hon. Members on the Government Benches. Many of the latter were maiden speeches. They were excellent in themselves, but, by tradition, they were spared from any obligation to be controversial. Effectively, therefore, we had a rerun of the general election from the Labour Benches in largely unsubstantiated mantras.

Such response as was made to the effective Opposition criticisms came from the Treasury Bench, although the Financial Secretary, while promising debate and discussion of the issues before the House during consideration of the Finance Bill, clearly demonstrated by her silence on Thursday night in answer to some reasonable, relevant and logical questions from my hon. Friend the Member for Daventry (Mr. Boswell) that she did not think that this four-day debate should be sullied by anything as robust as discussion.

The Chief Secretary intervened in the speech of my right hon. Friend the shadow Chancellor on Thursday afternoon, but only to demonstrate that old alliance between France and Scotland in a Caledonian interpretation of Marshal Foch's belief that attack is the best form of defence of a hopeless position. He did not defend the Government's position on ACT and pensions; he simply put up another pensions hare, but several fields away.

Sir Winston Churchill once took similar aim at a hare that was several fields away at Blenheim, at which the gamekeeper said that there was no possibility of him hitting it. Sir Winston—as he then was not—said that he just wanted that small animal to feel that it had some part to play in our proceedings. The Chief Secretary's intervention had the same quality of engaging irrelevance.

The other response, of course, to our criticism concerning pensioners was reversion to VAT on fuel which the Financial Secretary used not once, but twice on Thursday evening. It was a poor riposte in itself, as pensioners were protected from VAT on fuel, and a worse one still when the Government are putting it about that, although we cannot see them, they really wear green underclothes.

The Paymaster General did at least say that the Government would think again on foreign income dividends, to which my right hon. Friend the Member for Fylde (Mr. Jack) referred, though it was an embarrassingly early admission when the Budget was only two days old.

In 1782, after a Treasury review—nothing changes in our national life—into embezzlement in the Paymaster General's office, which pursued six Paymasters General

[Mr. Peter Brooke]

beyond the grave and even found that Lord North owed a bob or two, the great Edmund Burke was appointed Paymaster General as Mr. Clean—again, nothing changes—and brought in a Bill which stated that the penalty for forging the Paymaster General's signature would be death without benefit of clergy. Twenty five years later, Parliament relented and substituted 14 years in Australia as a penalty.

When I was Paymaster General, I always thought that 14 years in Australia was a pretty heavy price to pay for my signature, but now that we have a proper, rich Paymaster General again, as in the 18th century, perhaps it will become worth while. Ironically, the present Paymaster General says that he will try to persuade people not to go to Australia.

Apart from having been Paymaster General, I ought also to have declared an interest as a former member of the staff of the *Financial Times*, to which hon. Members on the Treasury Bench paid a perhaps unintended compliment. Before the Budget, they accused the Opposition of making too much of the *Financial Times* matter, while the Opposition accused the Government of making too little of it. As the media would be the first to remind the Opposition of how little they matter in the current scheme of things, the charge against the Government is the more serious one.

It was always said of Dalton's resignation, not least in the Treasury, that it was an example of the divine providence that watches over the affairs of this nation. The Government's compliment to the *Financial Times* was that either it had a scoop or its forecasting was brilliant. I notice that no one tried to deny that a senior Minister had said something. Any senior Minister stupid enough to speak to the *Financial Times* in the run-up to the Budget would also, presumably, be stupid enough in due course to reveal his identity. If he pre-empts that by confessing to the Government Chief Whip, I am confident that, in this era of open government, his name will be posted on the notice board in the Noes Lobby or at least in the *London Gazette*.

On the Budget itself, I have three and a half things to say. The first relates, with proper alphabetical attention, to ACT. On Monday last week, the Speaker was kind enough to call me during Social Security questions. I asked the Minister answering the question whether the Government acknowledged the international recognition of the sound basis of British pensions, and for a reassurance that the Government would not threaten that sound basis in any particular.

The Minister answered the first part of the question, but not the second. He either knew what was in the Budget, or he serendipitously guessed it. In either case, by his silence, he avoided misleading the House. It took only two days, however, for the Chancellor to take a Gladstonian axe to that sound basis, which internationally is on a pinnacle with only one other country.

As I understand chaos theory, not least from Mr. Stoppard's recent play, a butterfly can stretch its wings in one continent and a decent-sized earthquake can occur in another. The Chancellor, perhaps through marrying chaos theory with endogenous growth theory, has achieved a subtly antithetical effect, in which one can drop an annual £5 million boulder into the placid pool of recognisably successful pensions policies, and a little old lady in a rural sub-post office has to pay more for her postage stamp.

The Government's germane responses to criticisms of the effects of their ACT move—if one ignores the hare several fields away—have been two. The first, which I take to have been included in Labour Back-Bench briefing because it has featured in several speeches from Back Benchers, is that some pension schemes are in surplus and some companies are enjoying pension holidays. As those holidays will now come to an end, I enjoyed the Financial Secretary's observation that

"companies will benefit as a result."—[*Official Report*, 3 July 1997; Vol. 297, c. 508.]

There is the true voice of the Puritan speaking.

To be fair to the Financial Secretary, I think that she was referring to the Chancellor's conviction that his policy will transform long-term investment. There has been some evidence during the debate that the Government may have been caught by surprise by some of the adverse consequences of their actions. The mis-selling argument was several fields away but, even if it had been in the same field, it is odd for the Economic Secretary, after appearing as the friend of private pensions, to be so ruthlessly taking away with one hand what she seemed to be giving back to private pension holders with the other.

My greater anxiety, however, relates to the Chancellor's conviction that he knows how the myriad companies in this land make up their individual minds about dividend and investment policies. I am old enough to have been running a British subsidiary of a foreign company in the mid-1960s when the then Labour Government obliged me to pay dividends, unless I could prove that I needed the money in the business. Apart from the fact that this Government have intellectually reversed that policy by 180 degrees, I seriously doubted then whether the man in Whitehall knew best, and whether the hours and hours that I spent persuading Inland Revenue officials that I needed the money was a productive use of my time or theirs.

We shall need a great deal of what the Financial Secretary called discussion and debate on the Finance Bill to test the Government's assumptions and to excise the worst adverse consequences.

My second comment is on the hypothecation of the windfall tax. Anyone who has served as a Minister in the Department of Education and Science can approve more money going into education and training, assuming that it is properly targeted. I am no doubt guilty of being more Calvinist than the Chancellor, although my family lived in Ulster for two and a half centuries where the people are the best savers and the best givers in the country. I must confess that, if the particular purpose to which the windfall tax is being applied is of such over-arching significance—rather than being aimed at a diminishing target—my immortal soul would be improved if I suffered some hardship in achieving it rather than doing so via a soundbite about fat cats, who, in this instance, are long since Macavities anyway. The puritans are letting themselves down if redemption does not involve some suffering for the rest of us. The fact that we all feel relaxed about the Budget is a greater tribute to adroitness than to seriousness, because it makes us potentially less insistent that the harvest of the windfalls be well employed.

That brings me to my third point: the Secretary of State for Education and Employment was confident on Thursday afternoon that local authorities will use the bounty bestowed upon them for the purposes that the Government intend. When I was an Education Minister, half the relevant local authorities vired from education into housing and the other half from housing into education. I spent one of the most bizarre hours of my political life when Liverpool, having taken the £3 million that I had granted it the year before for the polytechnic's computer and transferred it into housing, then solemnly asked me to give it another £3 million the next year for the computer so that the money could go into housing again. I am, of course, reassured by the Secretary of State's confidence. However, it takes us back to the central faultline of the Government's attitude to decentralisation, to which I have alluded before: they are in favour of devolution, but expect the devolved powers to be used in line with policy from the centre.

Finally, I shall deal with the half thing. For two months, this Government have blamed everything on their predecessors—although with less style than the Conservative Leader of the House in 1951, Captain Harry Crookshank. In his winding-up speech during the Queen's Speech debate, he said that all Governments find skeletons in the closet when they come to Whitehall but that his Government had found the skeletons swinging from the chandelier. The present Leader of the House declined my invitation to say when this Government will start taking responsibility for their actions. However, in economic policy terms, they are incontrovertibly on their own after this Budget.

8.21 pm

Dr. George Turner (North–West Norfolk): I am grateful for the opportunity to make my maiden speech in the Budget debate. Budgets do much to determine the well-being of those who send us here and, rightly, strongly influence their judgment of us.

Before addressing any Budget issues directly, I wish to express to the House my personal delight at being here at all. I am greatly honoured that the people of North-West Norfolk have elected me. I should also like to follow the traditions of the House by mentioning my predecessors and by providing a brief sketch of my constituency—it is, after all, 33 years since a Labour Member has been able to do so.

Informed Members will know that, although somewhat camouflaged by a name change and minor boundary revisions, mine is one of the nation's truly great historic constituencies. The name North-West Norfolk accurately describes the geography of the constituency, but King's Lynn is indisputably the centre of it and gave the constituency its name for many years.

Sir Robert Walpole, the nation's first Prime Minister, represented King's Lynn in this place, and his family long dominated the politics of west Norfolk. Happily, not all the political customs of that time have survived to this day. However, the Walpole family motto, "Say what you think", has strongly influenced many of those sent to represent my part of Norfolk in Parliament. Saying what one thinks has not always won friends in political circles, but it clearly expresses an expectation of the people of Norfolk—and particularly of my constituents. When in doubt, I follow its guidance and, to date at least, I have come to no harm—nay, I have had not even a rebuke from Excalibur itself.

I have known three of my immediate predecessors personally. At the beginning of my election campaign, I was particularly pleased to meet Derek Page—now in another place—who served from 1964 to 1970. He was the last Labour Member to represent the constituency—a fascinating man who became disillusioned with old Labour, but has now fully endorsed new Labour—and many in Norfolk recall his time with affection. When I met him, I felt that the baton had been handed to me to bring to this place and, for the first time, I felt that I would win the seat.

Derek lost his seat in 1970 to an equally interesting politician, Christopher Brocklebank-Fowler, who won the seat as a Conservative. He not only said what he thought but, in a moment of high drama in this Chamber, crossed the Floor of the House to join the newly born Social Democratic party. He narrowly lost his seat at the next election and, despite his substantial personal following in Norfolk, never realised his ambition to return to the House. Notably, he, too, now supports new Labour.

I hold out no hope for such conversion of my immediate predecessor, Mr. Henry Bellingham, who will be well known to Conservative Members as he served for 14 years on their Benches. They will know that he was, by word and by action, a most loyal supporter of the previous Government. Some say that his loyalty was penance for his ancestor John Bellingham who, just yards from where I stand, assassinated Prime Minister Spencer Perceval in 1812. In his maiden speech, Mr. Henry Bellingham declared an ambition to remove the blemish he felt that that dastardly act had attached to his family name. I hope that history will judge that he did so.

I am certainly pleased to take this opportunity to pay public tribute to Mr. Bellingham. In Norfolk, he was widely recognised for the pains that he took in handling constituency work. He went to great lengths on behalf of constituents with problems—whether pursuing officials of government or quango at a national or most local level. His efforts earned him considerable respect and affection within the constituency, and were certainly a factor in limiting my majority at the election. Interestingly, some officials have sought to dampen my enthusiasm for following Mr. Bellingham's example and pursuing them on constituency issues. However, after only modest exposure to my new role, I am certain that nothing less will do in my part of Norfolk.

My constituency has many features worthy of note—not least the town of King's Lynn, with its 1,000-year-old port and mediaeval, Elizabethan and Georgian architecture. Its port and fishing industries remain sources of employment, but they are surpassed today by the many small and medium-sized businesses to be found in the industrial estates that were mainly stimulated when the town had an overspill agreement with London.

Many will know my constituency for the beauty of its countryside and coastal regions. To the north lie marshes and superb sand beaches which provide natural havens for wildlife and joy to the discriminating visitor. There are many pleasing coastal villages, and the town of Hunstanton remains popular with a variety of visitors and family holiday-makers. More recently, those northern towns and villages, like many others in Norfolk, have attracted people who come to Norfolk at the end of their working lives seeking quality of life for their retirement.

[Dr. George Turner]

A number of huge agricultural and sporting estates lie inland, and they are typical of those that were the very cradle of the agricultural revolution. There is also the royal residence on the beautiful Sandringham estate. Agriculture remains of considerable importance to Norfolk. Hon. Members may be interested to know that more than 200 years ago in the village of Heacham in my constituency agricultural workers gathered with their farming employers to petition Parliament for a minimum wage, which they wished to see linked to the price of corn.

My constituency also contains a marshland area to the west, much of which was reclaimed from the sea by Dutch engineers in the 17th and 18th centuries. It has a unique landscape, provides fertile soil and is divided by waterways. It is home to some of the nation's finest and most fiercely independent horticulturists, fruit growers and small farmers.

My constituency has almost 100 towns, villages and hamlets. It has a rich variety of landscapes, activities and people. It is home to some of the richest and some of the poorest in our land. It is certainly one of the most rural constituencies in England to be represented by a Labour Member. The House will understand that it is a particular honour for me to be here tonight representing North-West Norfolk.

However, let me not leave the House with the impression that I represent a rural idyll. Many important needs of my constituents have been much neglected for many years. I am glad that the Budget addresses many of those issues. Unemployment, including that of young people, remains at intolerable levels. Even in Lynn, where rationalisation has led to job losses, there are far too many low-skill, low-wage jobs. Many of our villages lack well-paid employment for people who historically looked to the land for work. In the 30 years that I have lived in Norfolk, there has been a dramatic decline in the numbers required to work large estates.

As the previous chairman of the education committee, I know all too well that too many of Norfolk's school buildings require major investment. The county has suffered from an historically low spend on education. The road network in Norfolk, particularly the A47 strategic link, still cries out for improvement and tightly constrains economic development. I have also recently had to inform Ministers that the plight of our fishing fleet requires urgent attention. Rural poverty is every bit as debilitating as its urban equivalent. It will be my priority to see that the urgent needs of my constituents are given proper regard in the deliberations of the House and in the decisions of Ministers.

Hon. Members will gather that I am pleased to give a warm welcome to the Budget. Through the windfall tax, it addresses the need to help many people, especially the young in my constituency, to find work. It deals with the problems of our schools and of the health service. Importantly, it keeps the election promises that I made. After a weekend in Norfolk talking to my constituents, I politely warn Conservative Members that by asserting otherwise they will earn themselves a reputation for veracity in opposition no better than that which bedevilled their latter years in government.

I bring a warm welcome for the Budget from Norfolk with but one caveat. The right hon. Member for South Norfolk (Mr. MacGregor) referred to the problem encountered in rural communities who need to use cars. People who live in villages where they count the number of buses per week rather than per hour view differently the stick of extra taxes, however green the purpose and however well intentioned the Chancellor imposing them. During the lifetime of this Parliament, it will be essential to use broader measures—both carrot and stick, not just stick—to ensure that the interests of rural people are properly reflected in Budget decisions. I look forward to Ministers providing that range of policies.

I hope that I shall not be too controversial if I say a few words about advance corporation tax and pensions, a subject which seems to vex many Conservative Members. I have been a trustee of a pension fund and for many years I have repaid my mortgage through a personal equity plan. I have made it my business at least to try to understand some of the effects of advance corporation tax. If one is to judge the merits not of imposing a tax—which is how Conservative Members refer to it—but of removing a tax benefit, the question that one should ask is why one would introduce such a tax benefit if it did not exist. The answer is that one would not.

If the Chancellor is to take money from people to give tax advantages for certain forms of behaviour, the correct way to do so is to give the tax incentive to the individual who will save the money. We should not try to do so through pension funding by reason of contortions in logic. That is too remote from the pressures that can be put on individuals to recognise the benefits of thrift and saving for their pensions.

I carefully investigated the actions of the previous Government when they reduced the level of ACT from 25 to 20 per cent. At that time, I read in the newspapers—the same ones that I read this weekend—the dreadful predictions of how much more I would have to put into my PEP. Those predictions were wrong: my PEP has gone up by 35 per cent. whereas they referred to effects at 2 or 3 per cent. My PEP has gone up by 35 per cent. because what really matters to people is our country's economic well-being, not jiggering around with pensions because of tax considerations. What matters is good, sound management and sound judgment of areas in which to invest both in this country and internationally.

I believe that my right hon. Friend the Chancellor is right in trying to stoke the boiler of the train we are on so that we all move faster, while Conservative Members are in danger of having an academic argument about how we move up and down the corridors of the train: if one walks forward up the train, one may gain time, but really to gain time one must get the train to move faster. History will judge that my right hon. Friend the Chancellor has made a sound judgment in his Budget proposals.

8.36 pm

Mr. John Swinney (North Tayside): I congratulate the hon. Member for North–West Norfolk (Dr. Turner) on his maiden speech. I suspect that the Prime Minister will read the *Official Report* tomorrow morning with some trepidation, given the family history of some of the hon. Gentleman's constituents. However, I am sure that the Prime Minister has nothing to fear from the hon. Gentleman's supportive remarks.

There have been many changes in the House of Commons as a result of the general election. We shall see later the congestion in one Lobby and the lack of

congestion in the other, if I may put it so delicately. I am sure that people expected enormous changes from the Budget. Instead, from what we heard last Wednesday and from what we have seen as the debate has unfolded over the weekend and today, we have a Budget steeped in a remarkably Conservative tradition. Tory spending targets have been not only maintained, but intensified by the decisions taken by the Chancellor of the Exchequer and his Treasury team. People around the country must be asking themselves what was the point of having a change of Government, given that the new Labour Government are maintaining the Conservative tradition. There have been many soundbites and initiatives since the election, but it is difficult to get hold of the substance of change.

Much has been made of the enthusiasm with which Order Papers were waved last Wednesday. In the resource-saving drive that the House of Commons should be undertaking, we should be a little more sparing with the number of Order Papers that are given out so as to minimise such behaviour when Budget euphoria dies down after a mere couple of days.

The Government received a substantial proportion of their mandate from Scotland. Hon. Members will not be surprised to hear that I want to deal with the Budget's relevance and significance for Scotland. Tomorrow, in the Scottish Grand Committee, courtesy of a debate initiated by the Liberal Democrats, we shall have an opportunity to debate specifically the impact of the Budget on Scotland. I welcome that opportunity to go over the points in more detail.

I want to concentrate on three points about the Budget and its relevance to Scotland which I believe are of enormous importance. Much has been made of the overheating of the economy. There have been sustained attempts to get answers from Opposition Front Benchers on whether they agree with the Government that the economy is overheating. Some of the indications of the overheating of the economy are quite clear. House prices in the south-east of England and in London have increased by 17.4 per cent. in the past year, compared with an increase of only 2 per cent. in Scotland, which does not even represent a real-terms increase. The economy of the south-east of England is driven by consumer spending while the economy in Scotland is much more dependent on exporting and investment.

One of the consequences of the Chancellor's Budget is, undeniably, higher interest rates. A nod was given quite clearly in that direction to the Bank of England's monetary policy committee on Wednesday. That is of course dismal news for the Scottish economy, where interest rate increases are the last thing on earth that our economy is looking for. Indeed, on Radio 5 on Thursday the chief economist of the Royal Bank of Scotland was quoted as saying that if monetary policy were set on Scottish conditions, substantially lower interest rates would be required.

The chief economist of the Scottish Council (Development and Industry), Mr. Ian Duff, made the point that overheating is a factor of the south-east of England and not of economies in other parts of the United Kingdom—not just Scotland. Intense economic activity in one part of the United Kingdom causing enormous economic hardship in other parts has bedevilled us for the past 25 years. The Government have done absolutely nothing in the Budget to stop that pattern being repeated.

It is interesting that prestigious economists in Scotland are now taking the view that UK economic policy is harming and penalising the Scottish economy. We desperately need an economic strategy focused on growth and certainly not one focused on engineering deflation.

My second point concerns the increase in petrol prices, to which the hon. Members for North-West Norfolk and for Dumfries (Mr. Brown) referred in their maiden speeches. I must express the strongest possible concern about the proposed increase in petrol duty announced by the Chancellor under the guise of environmental concerns—which we all share. The increase does not just mean an extra £60 a year—which is what we calculate will be the impact on rural users in Scotland as a result of the Budget. There is also the additional £300 increase that the right hon. and learned Member for Rushcliffe (Mr. Clarke), the previous Chancellor, had already put in place. When one considers that those increases have been implemented less than nine months apart, one realises that the burdens increasingly falling on rural communities are enormous.

In many parts of my large, rural constituency in Scotland, there is absolutely no alternative to using a car as an essential lifeline because we fall into the category defined by the hon. Member for North–West Norfolk where buses may appear once or twice a week. The increase in petrol duty is therefore a penalty for rural areas and shows no imagination whatever in trying to tackle the real problem of urban congestion and energy use in an appropriate and effective way without jeopardising the essential interests of rural communities.

My third point relates to the enthusiasm in the form of waving Order Papers in response to the bounty of new spending announced. During the election campaign, the economic arguments that my party advanced were somewhat ridiculed by many of those who sit on the Treasury Bench these days, including the Minister for Education and Industry, Scottish Office, the hon. Member for Cunninghame, North (Mr. Wilson), who conveniently announced that one of the central points of our arguments concerning the new Government's belief that abolishing the assisted places scheme would enable class sizes to be reduced to an appropriate level in Scotland was based on a fraudulent or deficient calculation on the back of an envelope. Although our arguments were rebutted by the hon. Gentleman, we have of course now found out that the savings cannot quite generate the achievements for which the Government were looking. That leads me on to examine some of the other alleged increases in spending in the Budget.

The real-terms increase of 1.6 per cent. in health spending in Scotland is welcome, but far from enough to meet the growing problems in the health service there. On education, there is an increase of £1 per pupil per week in Scottish schools. At least six or seven schools in my constituency could benefit from complete refurbishment in a programme which can hardly afford the refurbishment of one primary school in each constituency in Scotland.

I am glad that the hon. Member for Gordon (Mr. Bruce) is in the Chamber. It is clear from this morning's newspapers that he was very busy over the weekend with his calculations about the £5 billion hole in the Government's finances. We have been busy calculating on the strength of his calculations, and our calculation is that the Secretary of State for Scotland will have to find

[Mr. John Swinney]

about £80 million merely to ensure a standstill budget—despite the very laudable commitments given by the Government on Wednesday. If he were to find that amount, although there would be increases in health and education spending, there would also be cuts in industry and enterprise, housing, law and order, social work—one can take one's pick of the services there to be cut.

Not only are the Government prepared to accept the previous Government's spending targets—they are determined to intensify the squeeze on certain services. As though the council funding crisis were not bad enough just now in Scotland, how much more severe must it become before public services are undermined to an irreconcilable level?

The Government have also announced changes to advance corporation tax, on which many Conservative Members have concentrated. We should not lose sight of the impact that that will have on the distinctive Scottish financial community, where many of the pension fund schemes mentioned in debates over the past few days carry out many of their investment decisions.

We now have a Chancellor, a Chief Secretary to the Treasury and an Economic Secretary who represent Scottish constituencies. Despite all that presence in the high offices of the Government, we do not seem to have a Budget that is particularly appropriate for Scotland. It leaves us wondering whether the Westminster system can ever deliver a Budget which meets the needs of the people of Scotland and presents an economic package that will work for our community rather than always serving the interests of the south-east of England.

I noticed in the rather handy pocketbook which was distributed last week the Government's commitment to moving towards a fairer tax system. I find that a rather bewildering remark when, on reading all the announcements made on Wednesday, people like Mr. Cedric Brown, the former chief executive of British Gas, will end up paying no more income tax than before the Budget.

Undoubtedly, the services in our communities will suffer as a result of the Budget. That is the price of following very restrictive spending targets which are totally inappropriate to the needs of a modern and developing society. I suspect that many people in Scotland will be left wondering what on earth was the point of voting Labour when all they get is the worst of the Tory spending targets.

8.48 pm

Mr. John Grogan (Selby): By way of a maiden speech, I have four very modest boasts to make and a couple of observations to pass on last week's people's Budget. My initial and proudest boast is that I am the first non-Tory ever to speak in this historic Chamber on behalf of the citizens of the ancient market towns of Selby and Tadcaster and the surrounding villages.

The country as a whole has had to put up with the Tories for the past 18 years, but in Selby we are talking centuries. Indeed, reputedly, Oliver Cromwell was the last non-Tory to get a look in locally. True enough, in October 1905, there was a brief electoral experiment in pluralism when a Liberal by the name of Joseph Andrews was elected in a by-election. Unfortunately for him, he lost his seat three months later in the general election of January 1906. Even more unfortunately for him, the House did not sit in the three months he was a Member, so he never got the chance even to say a few words. I am doubly grateful, therefore, to have got this far tonight.

Selby, in many ways, is classic middle England with lots of understated English virtues and a touch of Yorkshire sangfroid thrown in for good measure. Local people take the changes that life brings—wars, industrial change, revolutions or mere general elections—in their stride. My result was declared at 4.35 am on 2 May. My supporters and I spilt out on to the streets of Selby at about the same time as my right hon. Friend the Prime Minister was joining the festivities on the south bank, amid wild scenes of excitement and celebration. As dawn broke in Selby, the excitement reached us, too. Two early shift workers crossed the road and shook my hand—well, one of them crossed the road and the other thought about it and waved from the other side. By 10 am, I am glad to report to the House, Selby had put behind it all that early morning exuberance and I was able to walk through the streets unrecognised.

Three Tory Members of Parliament have followed Joseph Andrews in Selby since 1906. The first two were colonels. Michael Alison, my predecessor, was not a colonel, but he is a gentleman. He served the area with distinction. During his time in the House, he was instrumental in achieving the abolition of tolls on the bridge over the River Ouse in Selby. He promised to do that in his maiden speech in 1964, and that is a lesson for us all in keeping our promises. He leaves to me the task of securing the much-needed Selby bypass. One phrase in his maiden speech strikes me. Discussing the Atlantic alliance, he said:

> "Our tie-up should be with the Europeans, not only in defence but in economic development."—[*Official Report*, 17 December 1964; Vol. 704, c. 638.]

Those are wise words and it is a shame that so many who agree with his sentiments are now so isolated in the modern-day Tory party he leaves behind.

In his later years as a Member of Parliament, Michael was known simply and affectionately as the Minister for God, given his distinguished role as the representative of the Church Commissioners. That brings me to my second modest boast. I can exclusively reveal to the House tonight that I was sounded out for a job within three days of arriving here. I was in the Lobby, trying to look confident but inconspicuous, when a Government Whip approached. Panic overtook me. What had I done wrong? I had only been here three days. Instinctively, I felt for my jacket pocket. Perhaps I had inadvertently switched off my pager which, of course, links us all—rightly—with mission control. To my surprise, the Whip merely said that he had heard that I was very devout. I did not disagree, calculating that being seen as very devout was probably a plus in new Labour. The Whip then said that he understood that I went to church every week. This was pushing things a little, but it occurred to me that I was being considered for the short-list for the same post that my predecessor had held. I had to confess—that is probably the right word—to being a Roman Catholic and point out that although this did not debar me from being a Member of the House, unlike in previous centuries, it might cause some problems as the representative of the Church Commissioners. I am delighted to see that my

hon. Friend the Member for Middlesbrough (Mr. Bell), who is much better qualified for the post, has now landed the job.

My third modest boast is that I was a direct contemporary at university of the right hon. Member for Richmond, Yorks (Mr. Hague). Although in recent years, it might be said that his political career has been more spectacular than mine, I at least have the compensation that I have retained just a little bit more of my hair. The right hon. Gentleman was the president of the world-famous Oxford debating union, when I was president of the less world-famous student union. In an early example of practising the politics of the many and not the few, under my leadership the student union tried to take over the debating union and throw open its doors to the student population as a whole. We went down to one of the less well-known but many heroic defeats that characterised Labour politics at the time. I learnt my political lesson about the futility of such heroic defeats, but I fear that if the right hon. Member for Richmond, Yorks maintains his current policy mix of anti-European and anti-devolution rhetoric, he too will have to get used to many heroic defeats in the years to come.

My final boast is that I am one of the 25 or so newly elected Labour Members who can claim a working background in business. For two years, I ran a small conference business. At times, it probably owed as much to the business techniques of Arthur Daley as to those of ICI, but I learnt the importance of cash flow, training, long-term planning and investing in people. My central contention is that last week's Budget established Labour as the party that best understands what makes the British economy tick, that is most aware of the needs of British business, and that demonstrably wants to enable more people to succeed economically.

We have heard many Opposition Members criticising the welfare-to-work programme. We have heard that employers will allegedly exploit the system and have a revolving door for subsidised labour on their books every six months. Aside from the obvious arguments about proper monitoring, Opposition Members do not realise what we are about or the seriousness of our intent. The Budget represents a new approach to economic management, which is totally different from that of Conservative Members. The way to run a successful market economy is not to adopt the philosophy of recent years, which was based on devil take the hindmost, every person for themselves, not paying bills on time, exploiting every loophole and doing down your colleagues. That economic philosophy has left us with disastrously low investment and training levels. It never was the philosophy favoured by the most successful of our companies or by the more intelligent minds in the Conservative party.

The Government want to encourage a new corporate culture based on far-sighted companies. Before the election, some eminent members of the business community produced a business agenda for Europe and hon. Members may recall that the former Deputy Prime Minister gatecrashed the press launch. The agenda referred to

"Companies which aim to be in business indefinitely and seek to maximise returns over a long period of time. A far sighted firm must be and remain highly competitive. That means not so much the ability to screw the last halfpenny out of any deal as the ability to engage the enthusiasm and commitment of employees and business associates, to induce them to make the investments of skills and capital that will be jointly beneficial.

The importance of co-operation, against a background of competitive markets, should be clear."

It is that co-operation between Government, business and employees that the Budget offers. Welfare to work will enable employers to take on some of our long-term unemployed, to help to motivate them, to train them, to harness their talent and to reap the rewards by keeping on those who succeed. A far-sighted company is one that recognises obligations beyond its shareholders and that its long-term health and prosperity depend on creating a society in which everyone has a stake.

My two remaining brief observations relate to the three dominant industries in my constituency—coal, power and beer. Selby boasts more working coal mines than any other constituency, Europe's largest coal-fired power station at Drax, and three major breweries in the market town of Tadcaster. New Labour believes in promoting vigorous, fair competition. All that these industries are crying out for is such vigorous and fair competition.

I welcome the Chancellor's review of excise duties on beer. UK beer duty is seven times that of France, resulting in the flood of duty-paid and illegal imports into the United Kingdom. I hope that the Chancellor will in future embark on a strategy of approximating duty to the French level. Some 75 brewing and pub companies have promised to pass on any reduction in duty to their customers. Paradoxically, the greater the cut in duty, the greater the benefit to the Treasury, as other tax revenues—especially from the pub trade—increase.

The coal industry wants to compete on equal terms with its principal competitors, gas and nuclear power. The sweetheart deals between the regional electricity companies and the new gas-fired power stations are anti-competitive and mean that, in many cases, the consumer has to pay a premium on his electricity bills. We still produce the cheapest deep-mined coal in Europe and, with the development of clean coal technology, coal can be clean. It would hardly be far sighted for any Government to meet the new tough carbon dioxide emissions simply by allowing what remains of the British coal industry to wither away.

I do not call for coal to be given a chance out of some romantic sentiment, but out of practical economics. A sensible energy policy is one that maintains diversity of supply and different energy sources. Economic logic surely dictates that whether through action in Brussels or Whitehall, the workings of our electricity pool—as complicated and unfair as our local government grant system—are examined and opened up to competitive pressures.

The Budget—with its emphasis on welfare to work and encouraging long-term investment, while supporting frontline services such as education and health—has established Labour's economic credentials. Like the majority of British people, I support it with some enthusiasm, but with a degree of delight that, contrary to the views of some, there is, and has always been, a radical and progressive alternative approach to the Budgets of the past 18 years.

8.59 pm

Mr. Andrew Tyrie (Chichester): I would like to congratulate all hon. Members who have made maiden speeches; my hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) and the hon. Members for Bury, South (Mr. Lewis), for Dumfries (Mr. Brown), for North–West Norfolk (Dr. Turner) and for Selby (Mr. Grogan), whose speech was particularly amusing. I share with him a loss of hair—in fact, I think I am ahead of him in that respect. I also share with him a concern for small businesses, although probably not of the Arthur Daley variety.

I was particularly impressed that the hon. Member for Dumfries ventured to criticise part of the Budget—the increase in fuel duty. We both represent rural seats and can make common cause on that issue. In a moment, I will be able to tell the maidens whether making a second speech is any less daunting than making a first.

I think there is no economic justification for the Budget. The economy is in good shape, as even the Red Book confirms. This is a political Budget, produced for political reasons about which I shall say more in a moment. It has been done in a rush. The likely blight to the venture capital industry caused by only the vaguest of announcements about possible changes which will not take place for nine months, but which will be backdated to Budget day, is one example. In common with the announcement of the Bank of England's independence, it is a sign of the Government's discourtesy to this House and their arrogance. Incidentally, they might also explain why the document, "Public Expenditure 1996–97: Provisional Outturn", was not available in the Vote Office after the Chancellor sat down.

The precedent for having a Budget immediately after an election exists—in 1979, we had the Geoffrey Howe Budget. That early Budget put in place a fundamental shift in the conduct of economic policy in this country—a shift that was clearly signalled before the election. By contrast, Labour's victory in May—far from being a vote for a new economic strategy—was a massive endorsement of the policies that they have inherited. To get elected, Labour had to endorse Conservative economic strategy, lock, stock and barrel. Labour even had to go to the extraordinary lengths of promising to implement Conservative spending plans, programme by programme.

Labour has spent the past 20 years—and the past decade in particular—learning a new language of free enterprise, sound money and the importance of markets. But I am afraid that some of the things in the Budget lead me to conclude that, for Labour, this is still a second language. That was clear enough from the text of the Chancellor's Budget speech, much of which, I am aware, was written by Treasury officials. I recognise some of the phraseology—some of which almost seemed to have come from Conservative party literature. But several paragraphs did not sound quite right. For example, the Chancellor said that his goal was

> "to ease inflationary pressures without damage to industrial and exporting prospects and to do so in a way that is consistent with our long-term objective of high and stable growth and employment. In this way, we can moderate the upward pressure on interest rates and on the exchange rates as well as further our objective of sustainable public finances.
>
> I have therefore decided to tighten fiscal policy."—[*Official Report*, 2 July 1997; Vol. 297, c. 305.]

That is the old language of fiscal fine-tuning. I could not help thinking that, unlike most of the speech, this passage was written by the Chancellor himself. In his speeches in the House 10 years ago, he was a far more committed supporter of fiscal fine-tuning than he is now.

The fact is that rather than merely say, "We want to raise taxes because, sooner or later, we will want to spend the money," which is the truth, the Chancellor tried to cloak some of the tax rises that he announced in something more respectable. That is what has been behind all the talk about output gaps, overheating and black holes. The plain fact is that output gaps are impossible to measure, as Treasury officials will have briefed the Chancellor. I think that there is a recondite footnote in the Red Book that more or less makes it clear that the Treasury does not believe in the idea of measuring such a gap.

As for overheating, if the economy is really doing so, a few billion pounds on taxes will not make a scrap of difference. That was the lesson of the 1980s. The way to tackle overheating would be through interest rate and exchange rate policy. With Bank of England independence, that is what we are going to get.

While on the subject of exchange rates, I would like to ask the Treasury Front-Bench team a few questions, including, for example, whether we have an exchange rate policy. Does the Chancellor really want to moderate upward pressure on the exchange rate and, if so, does that also mean that he wants some downward pressure? Does that mean that there is a ceiling above which the Government will not tolerate, or will seek to avoid, allowing the exchange rate to rise? If there is to be intervention in the foreign exchange markets to achieve this, by whose direction will that be done and whose reserves will be used—those of the Bank of England or those of the Treasury? We now have two authorities controlling two sets of reserves.

I want some answers to those questions tonight from the Minister and I hope that the answers will not fall into the category of what my right hon. Friend the Member for Cities of London and Westminster (Mr. Brooke) earlier described as "engaging irrelevance".

In his efforts to find a black hole, the Chancellor sent the forecast to the National Audit Office for vetting. Unfortunately for him, it did not oblige. In fact, it did the opposite and underwrote the credibility of the forecast of my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). Far from being a black hole in the accounts, there has turned out to be a medium-sized pot of gold for Labour. It is to be found on page 12 of the Red Book. That gives the game away. It shows that, despite a reduction in the growth forecast, tax receipts are forecast to rise by no less than £10 billion in the next two years. That is where the improvement to the public sector borrowing requirement comes from and nowhere else.

Unfortunately, the Red Book contains very little text to explain all that. I suppose that Labour scarcely wanted to flag up the fact that it had inherited even better public finances than the Opposition had been stating. I can only say to that, so much for the new transparency in the accounts.

The Chancellor announced that he will now submit his fiscal forecast for an annual review by the NAO. I support that as a principle, but the NAO is probably not best equipped to do that work. If he really wants transparency and credibility for his forecasts, he would do better to set

up an independent fiscal policy committee—a counterpart to the independent Monetary Policy Committee—to do the job, as I suggested last year in a publication for the Social Market Foundation.

Other hon. Members have talked a great deal about the damage that the Budget will do by increasing business taxation, which will ultimately hit pensioners. I will not go over that again except to say that the 17 tax rises in the Budget must constitute one of the biggest broken promises of any incoming Government. After all, only in September the Prime Minister, then Leader of the Opposition, said:

"We have no plans to increase tax at all."

We can be confident that the Government will not rest at 17, which is why I am sure we have to have another Budget next spring.

Rather than repeat points about tax, I shall briefly mention spending. Whether the Chancellor has really learnt his free-enterprise lines to get him through the election or whether he believes them does not ultimately matter very much. What matters is whether he can fend off the inevitable demands for higher spending. It is now extremely unlikely that Labour will stick to its commitment to deliver Conservative spending totals, for several reasons.

First, the Government have saddled themselves with extra costs in the public sector as a consequence of the introduction of the minimum wage, the knock-on effect for local government and other parts of the public sector on pension schemes that the advance corporation tax change will bring and also expensive new legislation, big and small, such as the compensation for the banning of handguns.

Secondly, on top of all those factors will come tough decisions on public sector pay, local council grants, social security uprating, school budgets and hospital budgets. All those areas will feel the strain. They are all areas from which Labour drew support disproportionately during the general election and to which nods and winks, if not actual promises, have probably been given recently.

A third reason why spending will be difficult to control, as I explained in *The Observer* just over a week ago, is that Labour's new monetary policy will probably cost the Government money. The Chancellor has tried to discourage the Bank of England from flexing its new interest rate muscles too vigorously by giving it a $2\frac{1}{2}$ per cent. inflation target with a 1 per cent. band either side rather than asking it to deliver a ceiling of $2\frac{1}{2}$ per cent. inflation. That will make the spending totals difficult to hit. Totals are based on cash figures and any increase in inflation will mean cuts in real terms in departmental spending programmes. The Budget now forecasts a rise in inflation to $2\frac{3}{4}$ per cent.

The inevitable result will be bids from spending Departments to protect themselves in the face of higher inflation. I do not really think that the Treasury forecasters believe that the Red Book numbers add up. They show higher tax receipts to help the public sector borrowing requirement, but no higher spending from the higher inflation they forecast.

Most important of all, spending will rise because Labour is a ripe target for the spending pressure groups in the public sector. It is not so much that many who voted for Labour will want their shilling. It is rather that a glance at the composition of the parliamentary Labour party tells us all we need to know. The Labour Benches have been swelled by a new intake of 179 who are predominantly from public sector backgrounds. I do not say that disparagingly; it is just a matter of fact. In the years ahead, those Labour Members will become a powerful voice for more resources and higher pay in their former professions.

By my reckoning, no fewer than 115 of the parliamentary Labour party are former teachers or university lecturers. Of the new intake, more than two thirds have a background in local government, administration or social work—all areas which feel they have been hard pressed over the years and which ache for release from the Tory corset. That is why in the long run, spending will rise and that is why we shall find that the spending review will decide Labour's future.

Even in his first weeks, the Chancellor has had to offer something to satisfy the hunger of the big spenders. There has been the drawing down of the reserve which is not just bad financial discipline, but a harbinger of the spending pressures that, sooner or later, will give the Chief Secretary to the Treasury sleepless nights. All that is happening during an economic upswing. If the Labour Government last until the inevitable downturn in the business cycle, we shall really start to see the spending pips squeak.

9.11 pm

Mr. Phil Woolas (Oldham, East and Saddleworth): Thank you, Mr. Deputy Speaker, for calling me to make my maiden speech in this important and historic debate. It is not, of course, historic because of my contribution, but because of the importance of the people's Budget to the fortunes of our people. It is a great honour to be called to speak at the end of this debate. I have chosen the one day when rain in Manchester would have been welcome. My constituency straddles real Lancashire and real Yorkshire so hon. Members can guess that cricket is dear to our hearts.

It is a greater honour—more important than speaking today—to represent the people of Oldham, East and Saddleworth. My constituency, formed by boundary changes, is truly among the most beautiful. Indeed, the many hon. Members from both sides who visited the former constituency during the Littleborough and Saddleworth by-election would have to concede that in our Pennine hills and valleys, we have a precious jewel. If, in the words of Blake, the countenance divine shone forth upon our clouded hills and if Jerusalem was builded here, it happened in Saddleworth.

Here, we also have the patent on dark satanic mills. In truth, my constituency is the best of constituencies and the worst of constituencies. In the Oldham parishes of St. Mary and St. James, we know the daily price of poverty, of social deprivation and of all the symptoms that the people's Budget is setting out to cure.

The real number of unemployed people in Oldham is estimated at 18,634—some 17 per cent. of the work force or one in five. In the estates of Higginshaw, St. Mary's, Derker, Sholver, Glodwick and Clarksfield, the people's courage in the face of what was described as "the price worth paying" is testament to their spirit. It has withstood, with the same fortitude as the Pennine hills that those villages nestle against, all that the free enterprise elements

[Mr. Phil Woolas]

of the past 18 years have thrown against them. In the villages of Shaw, Crompton, New Hey, and Milnrow, industry and integrity, in the words of my school motto, have guided the transformation from weaver's sheds and mills to the modern economy. In the Oldham suburbs of Waterhead and Lees, the same spirit can be seen.

Those who truly want to see the beauty of Britain should come with me to Austerlands cricket club, perched 900 ft above sea level on the Pennine watershed. To the west is Greater Manchester, heartland of the industrial revolution. In the distance, are the great docks of Liverpool and on the far horizon are Jodrell bank and the Welsh hills. To the east, one can see Saddleworth, home of the Pennine culture of brass bands and true northern grit.

The villages of Denshaw, Delph, Dobcross, Diggle, Uppermill, Greenfield and Grasscroft are truly God's own country. It was in my constituency more than 100 years ago that the Independent Labour party was formed. There, for the past 100 years, democratic socialism, liberalism and conservatism have battled for the soul of the people. There, Tom Mann preached the cause of trade unionism, and Victor Grayson swept all before him in the famous by-election of 1907. There, the former Member for Oldham, Winston Churchill, warned, in the sort of language that only he could command—and, it must be said, with a heavy dose of new Labour—that liberalism and free trade was

"the cause of the left-out millions."

In 1906, he looked forward to

"the universal establishment of minimum standards of life and labour and their progressive elevation as the increasing energies of production permit."

We will not have to wait much longer.

It was also in my constituency that the people of Lees under their banner of "Death or Representation", marched to Peterloo to demand universal suffrage. Some met their deaths. To be the new representative of Lees humbles me beyond words. As a new Labour candidate, I cannot claim that the Lees brigade were strictly on message. I hope that my former campaign manager will forgive me if I say that new Labour has been warmly welcomed by the successors of Aamon Wrigley. Not only did Aamon help to form the ILP, his family went on to create the Wrigley's spearmint chewing gum empire. Unkind souls might say that between the Labour party and chewing gum, we have done more for jaw-ache than for anything else.

No description of my constituency would be complete without reference to "them there hills". Brooding to the east, above Greater Manchester and east Lancashire, is Saddleworth moor. Nowhere in England does such beauty strike such fear. We all remember those forbidding moors. For the sake of all our children, people in Oldham work together. As their representative, I shall oppose any move to release Myra Hindley and Ian Brady. For it is in the attitude of the people, not the common geography, that the true spirit of Pennine folk, Yorkist and Lancastrian alike, is found.

The alternative service book has one way of putting it. In communion, we say:

"Though we are many, we are one body because we all share one bread."

In Oldham, we have another way of putting it, "If you kick one, we all limp." Not only because of convention but because they shared that common outlook, I wish to pay tribute to my three predecessors.

From Geoffrey Dickens, I learned that the good representative is an advocate of all the people. Ever one for the soundbite, his populism masked a popular politician respected by all, whatever their persuasion. If I am a fraction as succesful a constituency Member as Geoffrey, I will be proud indeed.

The Liberal Democrat, Chris Davies, understood that also. In his short time as the Member for the constituency, he worked tirelessly and proved himself a doughty campaigner for the people. I suspect that despite our respective parts in the political turmoil between our two parties at the by-election, we share much more in outlook than we differ on.

For Labour, Bryan Davies, who represented the seat of Oldham, Central and Royton, was a magnificent Member of Parliament. It seems strange to me to be paying tribute to him given the huge amount of service he has yet to offer. In Oldham, we all hope and expect that he will be given that opportunity. As the previous Member for Enfield, as secretary of the Parliamentary Labour party, and as a friend and adviser in circumstances where egotists would not have bothered, he has gained the friendship and respect of those with whom he worked.

It is that common spirit which I will seek to articulate. I will articulate the social diversity of my constituency—from the grinding poverty and exclusion of Glodwick to the beauty and prosperity of Saddleworth. I will seek to build opportunity for all, recognising that it is by the strength of our common endeavours that we achieve more together than we achieve alone. This Government and Labour Members have set their course according to that and it is against that that we will be judged.

The Prime Minister was right when he said that we are the servants not the masters, but what divides those on the Labour Benches from those on the Conservative ones is our understanding that the Government are the master of the economy. We must never again allow free trade and the free market to determine people's fate. This Budget takes control for the people.

From my time with the GMB, I remember a story that stuck in my mind for 10 years. A magazine article described how in the early 1980s different groups from around the country had been brought together and asked to give their prognosis for the economy in the forthcoming 10 years. The economists, of course, got it wrong; the media, of course, could not see beyond tomorrow's headlines; and the politicians were way off target. But one group got it spot on—the dustbin men, or the refuse operators as we should properly call them. They predicted exactly what would happen to the economy. In paying tribute to the Budget, it is testament to say that the bin men of Oldham welcome it with open arms.

9.21 pm

Mr. David Heathcoat-Amory (Wells): I congratulate the right hon. Member for Edinburgh, Central (Mr. Darling) on his appointment as Chief Secretary to the Treasury. I wish him well in his post. He will shortly respond to the debate and will have a number of questions to answer. I should like to summarise if I can some of the questions that have been posed in the debate by my right hon. and hon. Friends. I should also like to pick up on one or two comments made by Labour Members.

The main feature of the debate is that we have finally got near the truth of what the Chancellor of the Exchequer announced last week. It was a massive, unnecessary, tax-raising Budget—new Labour in presentation certainly, but old Labour in all its effects.

The Chancellor said that it was a Budget for the long term. He was right in one sense, because it hit the long-term plans and aspirations of millions of savers and pensioners. The damage caused by the Budget will indeed be long term.

The Budget was also completely unnecessary: the Government have a golden inheritance. They have taken over the strongest economy in Europe, which has been brought about because of structural reforms, privatisations, deregulation and reform of trade union law, all of which were opposed all the time by all of the Labour party. It was our reforms, however, that not only transformed the output of the economy, but, combined with the strict control on public expenditure that we managed, delivered the steady reduction in unemployment which was far more effective and far more secure in dealing with the problems of long-term and youth unemployment than the present Government's attempts through their welfare-to-work programme. Again, those supply-side reforms were opposed day in and day out, night after night, by all the Labour party, including hon. Members who are now on the Government Front Bench.

Old Labour attitudes broke out once or twice in today's debate, but, nevertheless, I sincerely congratulate the hon. Members for Bury, South (Mr. Lewis), for Dumfries (Mr. Brown), for North–West Norfolk (Dr. Turner) and for Oldham, East and Saddleworth (Mr. Woolas) all of whom made confident and fluent maiden speeches. We very much appreciated their tributes to their immediate predecessors, all too many of whom used to sit on the Benches behind the Treasury Bench.

The debate has not, however, answered why the Government are forcing through a tax-raising Budget of this scale. The PSBR last year was £3.3 billion better than expected. That rate of improvement in the public finances is set to continue all the way through the current financial year and into the future, due mainly to buoyant tax revenues. The reason for this huge, tax-raising Budget is no clearer if we examine exactly who has been hit and how.

The Chancellor increased the duty on road fuel. He also increased, from the day of the Budget statement itself, duty on heating oil. As was shrewdly spotted by my right hon. Friend the Member for South Norfolk (Mr. MacGregor), the Chancellor has raised this additional revenue by putting up these duties five months earlier than we planned in our Budget statement last November. In addition, he increased road fuel duties by more than we had planned—by a full 6 per cent. above inflation. My hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) rightly pointed out the burden that this imposes on a rural constituency. That point was also made by the hon. Member for North Tayside (Mr. Swinney), who also represents a large rural area.

With the additional increase in hydrocarbon duty, and by bringing it forward a full five months, the Chancellor has on his hands a real and genuine windfall. It is far greater than the cost of the 3 per cent. cut in VAT on heating oil. It adds up to an additional £735 million this year. That was not altogether clear from his Budget statement.

The Budget represents an enormous additional burden not just on the driving public, but, because he has put up the duty on heating oil, on the people who rely on that form of heating in their homes, outweighing by far the benefit of the cost of reducing VAT on domestic heating.

My right hon. Friend the Member for Cities of London and Westminster (Mr. Brooke) reminded the House that when we increased VAT on domestic heating to 8 per cent. we fully compensated pensioners. Indeed, it is now clear from a written parliamentary answer that a single retirement pensioner was no worse off by the increase in VAT on fuel because of the uprating in the pension and the other benefits that we increased at the same time. A retirement pensioner couple were made better off by the increase in VAT on fuel.

The consumer and the home owner were directly hit by the Budget, but the great burden of tax fell on the corporate sector. How comforting that sounded to Labour Members on Budget day; what a shock it was to them to find that the subterfuge lasted less than 24 hours. The immediate and total abolition of dividend tax credits for pension funds is, in truth, a savage blow, not to City directors, but to millions of ordinary savers and employees.

Mr. Andrew Rowe (Faversham and Mid–Kent): Could my right hon. Friend suggest how I might respond to one of my constituents who has run a family business for many years and has been trying to keep his staff in work? He has told me that the increased burden on his pension contributions puts the whole of that policy at risk.

Mr. Heathcoat–Amory: I recommend that my hon. Friend passes on to his constituent the thought that the Labour party cannot be trusted to do what they say they will do before an election. I shall quote to my hon. Friend what the Chancellor of the Exchequer said during the general election campaign:

"All Labour's proposals will protect and improve the quality of life of pensioners. By contrast, a Conservative fifth term offers insecurity and fear for pensioners."

The then Leader of the Opposition, now the Prime Minister, said:

"My message is, be warned—your pension isn't safe with the Tories."

What hollow words they were. Even while uttering those words, the Labour leadership must have been planning to reduce people's entitlement to pensions—a policy which we have now seen in the Budget.

Following the tax change and the abolition of the tax credit on dividends, a typical 35-year-old will have to increase his contribution by nearly one third if he is to maintain his future pension entitlement. A 45-year-old will have to increase his contributions by nearly a quarter.

The National Association of Pension Funds has said that the change in the Budget will cost pension funds about £4 billion a year. But remarkably, the Financial Secretary, who is in her place, when referring to the tax credit abolition on Thursday, said:

"The measure is good for pensions and pensioners, not bad for them . . . People should understand that our reforms will benefit pension funds."

[Mr. Heathcoat-Amory]

I should like to give the hon. Lady the opportunity to correct what must have been an error or, at the very least, give the Chief Secretary an opportunity during his wind-up speech to correct what his colleague has said, which is seriously misleading and has been directly contradicted by all the independent advice from actuaries, pension fund managers, trustees and business men. A pension change that takes £4 billion a year or more out of pension funds cannot be reconciled with the Financial Secretary's comment, when she said:

"People should understand that our reforms will benefit pension funds."—[*Official Report, House of Commons*, 3 July 1997; Vol. 297, c. 507.]

I hope that the Government will use the opportunity of today's debate to correct that highly misleading statement.

What is particularly stupid about the proposals is that Britain has a comparative advantage in the field. We have £650 billion worth of private pension funds under management, which is more than the rest of the European Union put together. Those other countries face appalling strains on their public finances stretching into the next century. We, by and large, have avoided that because we have been successful in persuading people to provide for their own future.

Hon. Members on both sides of the House must realise that people cannot rely entirely on a state pension for a decent, comfortable and secure old age; they have to make provision for themselves by way of private pensions. What do the Government do in the face of our achievement, almost unique in Europe, in having built up a massive private pension sector? They tax it, they attack it and they try to take it over for the state. In summary, they have imposed a savings tax on at least half the population of Britain.

In some cases, it will be individuals who suffer lower pensions or have to make higher contributions to maintain the level; in other cases, it will be companies—companies, moreover, who will therefore invest less. The Post Office has apparently warned the Government that the Budget changes will cost it around £150 million—money that it will now have to put into its pension fund rather than use for investment. That £150 million—every year—is more than the Post Office raised last year by the 1p increase in the price of a stamp. So much for the Government's claim that this was a Budget for investment.

Another sector has been hit by the Budget in this way—local authorities, which also have funded pension schemes. The hon. Member for Putney (Mr. Colman)—a new Member, whom we welcome to the House—has written to the Chancellor of the Exchequer on behalf of local government pension funds. In his letter, he says:

"the abolition of A.C.T."—

advance corporation tax—

"would add at least 3 per cent. or £300 million to our employers' pension costs . . . No such increase could be afforded by local authorities without making further cuts to services to their local residents. . . . we would be bound to seek compensating increases to the revenue support grant."

The hon. Gentleman obviously has the authority of the local authorities to make that representation to the Government. I hope that the Chief Secretary, in winding up the debate, will use the opportunity to tell the House what he is going to do about that, how he will answer the questions asked by his hon. Friend and whether he will compensate local authorities. After all, he has accepted the principle of compensating outside bodies; charities are to be compensated in due course for the reduction in the funds they receive from dividend income. Will he apply the same principle to compensate local authorities or will he accept the service cuts that his hon. Friend outlines in his letter? I hope that the Chief Secretary will address himself explicitly to that question.

There is an even bigger expenditure time bomb at the centre of the Budget. In his Budget statement, the Chancellor raised the inflation level without raising the expenditure limits. He raised a cheer among his more impressionable Back-Benchers when he announced more spending on health and education, but all he did was announce that he was raiding next year's reserve—a reserve he inherited from the Conservatives—which he thereby leaves dangerously low to deal with real contingencies, as my right hon. Friend the Member for South Norfolk pointed out. That means no new money for the national health service or anything else in the current financial year; it means not a penny for the NHS or education before next April. So all the strains and stresses on current expenditure remain entirely unrelieved. That brings me back to another bigger problem. The Chancellor has raised his estimate of inflation for the next two years and more. Obviously, he has very little confidence in his new Bank of England mechanism. As my right hon. Friend the Member for Fylde (Mr. Jack) pointed out, his inflation target is less rigorous than the one that he inherited.

Let us consider the impact on the NHS of raising the inflation forecast. Higher inflation in the current year and in future obviously means higher costs, but no more money has been provided this year, and the cash limits remain the same. Therefore, the Chancellor has imposed an immediate and savage squeeze on the real resources. He might have tried to put a bit of sticking plaster over the hole in the NHS budget by allocating more money to health from the reserve, but that does nothing for expenditure in the current year; nor does it affect other sectors of public expenditure that experience the same fiscal squeeze.

The Budget adds up to a major and sustained reduction in real public expenditure over each of the three survey years ahead. It was all documented subsequently by the Institute for Fiscal Studies, but none of it was clear from the Red Book, despite its so-called openness and candid presentation.

Alert and technically minded hon. Members will see that, on page 108 of the Red Book, the Chancellor has taken full credit for the extra inflation that he is now anticipating by adding an extra £1.8 billion in higher inflationary revenues in the current financial year and £3 billion in the next financial year. The Chancellor has taken full credit in his Red Book forecasts for his failure to control inflation, while allowing no extra expenditure for health, education, transport, the environment, law and order or anything else.

When the Chief Secretary replies to the debate—[HON. MEMBERS: "Get on with it."] He asked for 15 minutes, so I am not taking his time, if that is what the Chancellor is gesticulating about. When the Chief Secretary replies, will he explain why he is imposing a real cut in actual public

expenditure and whether his plans are realistic in the light of the expenditure that the Government have carried forward from our last Budget?

In summary, we have a tax-raising Budget which does great damage to the long-term prospects of savings and pensioners. It is a betrayal of all the assurances that were given about taxes before the Budget. It attacks long-term planning, destroys savings and undermines investment. Moreover, it promises more Government expenditure, but actually plans for less. So, two months into this Parliament, the new Government have already betrayed their taxation and expenditure promises. This evening, there is an opportunity to pass judgment on that and I urge the House to do so.

9.43 pm

The Chief Secretary to the Treasury (Mr. Alistair Darling): In the short time remaining before the end of the debate, I shall return to some of the points made by the right hon. Member for Wells (Mr. Heathcoat-Amory), but I start by reciprocating his good wishes and his welcome to me. I welcome him to his new role as shadow Chief Secretary. He was a Treasury Minister for much of the previous Parliament, but we cannot blame him for everything, as he resigned just over a year before the election because he could not support the right hon. and learned Member for Rushcliffe (Mr. Clarke). He is now reinstated on the Front Bench and is among friends, united in their scepticism. We shall never forget his treatise on the duty paid by ferry terminal tugs, which occupied us for several hours one evening when we considered the Finance Bill some two years ago.

The excellent maiden speeches that we have heard are a testament to the quality of the new intake. There have been a number of them, not just tonight but throughout the Budget debate. The speech of one Conservative Member, the hon. Member for Bury St. Edmunds (Mr. Ruffley)—I can certainly agree with him that that is a nice part of the world—was controversial, which is probably no bad thing nowadays. Another issue on which I agree with him is the need to promote thrift, although I warn him about the dangers of going on about the real instincts of the people. A man with a majority of just over 300 should be a bit more cautious.

My hon. Friend the Member for Bury, South (Mr. Lewis), whose constituency I visited on the first day of the election campaign—despite that, he won—spoke fluently about the problems faced by his constituents, especially the young people. My hon. Friend the Member for Dumfries (Mr. Brown) spoke extremely well. He knows a good deal about his constituency, and I think that the whole House will have appreciated the tribute that he paid to Sir Hector Monro, a very decent man whom all hon. Members will remember with much fondness.

My hon. Friend the Member for North-West Norfolk (Dr. Turner) spoke with considerable knowledge, and I am grateful for his support. He made some points about our rural transport policy, and I appreciate what he said. We presented proposals relating to fuel duty in the Budget, but other measures announced by the Government will benefit rural communities. We shall return to those at other times.

I did not hear the speech of my hon. Friend the Member for Selby (Mr. Grogan), but I understand that he, too, spoke well. I have driven through his constituency many times, and was always assured by the Labour party organisers that we had no chance there. It just shows how wrong they were. I note the point that my hon. Friend made about beer duty, especially with regard to his constituents in Tadcaster.

In a witty speech, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas) spoke extremely well. It was interesting that he should claim Winston Churchill as a future member of new Labour; no doubt we shall debate that in the future. He also paid a warm tribute to our former colleague Bryan Davies, which I am sure all Labour Members greatly appreciated.

I shall return to some of the main points that have been raised during the Budget debate. First, however, it is worth reminding ourselves of the main strategy set out by my right hon. Friend the Chancellor at the beginning of that debate. As a new Labour Government, we have the objective of maintaining high and stable levels of growth and employment, so that we can achieve the higher living standards that we all want. It is simply not true that—as Opposition Members have claimed—poor people have lost out. In fact, in terms of proportion of income, poor people have gained far more from the Budget, not just because of the reduction in VAT on fuel and the new deal. It is a bit rich for Opposition Members, especially Conservative Members, to go on about poor people, given that if they had had their way, VAT on fuel would have risen to 17.5 per cent.

We want to promote economic stability. Some of the hardest decisions that we have had to make, on public spending and on other matters, have been driven by the recognition that we need that stability. We want to encourage long-term investment. We start from a difficult position. The nationalists ask themselves why people voted for the Labour party. People voted for us because we told the truth: we told them that hard decisions would have to be made and that there were no quick fixes. We have inherited low levels of investment, a history of boom and bust and a history of short-termism, and we have had to put public finances in proper order.

Let me now deal with one of the matters that have concerned many Opposition Members: our corporation tax proposals.

Mr. Peter Lilley (Hitchin and Harpenden): Will the right hon. Gentleman give way?

Mr. Darling: In a minute, by all means. The shadow Chancellor has not been present all day, but I shall give way to him nevertheless.

The House must bear in mind our central proposal to reduce corporation tax from 33 to 31 per cent., and corporation tax for small companies from 23 to 21 per cent. We have not heard a word about that from Opposition Members, but the fact is that we have reduced corporation tax, which will improve company performance. We have also reduced a distortion in the tax system, so that the system is neutral in regard to decisions on investment and distribution of profits. Opposition Members must ask themselves whether the Tories would reinstate the tax credit system if they were ever returned to power.

Mr. Lilley *rose—*

Mr. Darling: I shall certainly give way to the shadow Chancellor. Perhaps he can tell us whether the Conservative party would reinstate that system if it was ever returned to power.

Mr. Lilley: If the Minister can explain to me how it is that taking £5 billion out of long-term investment through pension funds can encourage and increase investment, we shall be open to persuasion on that very question. The Financial Secretary said that the removal of that money would make no difference to investment funds. If that is so, why is it necessary to protect charities from the impact of the Chancellor's decision?

Mr. Darling: I note that the right hon. Gentleman did not answer the question. We should remind ourselves that it was the Conservative party which would have taken away tax relief from pension contributions. We shall return to more about that on Wednesday.

The right hon. Gentleman might think about the example of the United States, where many companies have grown faster than British companies and done much better than companies here. They have concentrated far more on the growth of capital value rather than having to respond to the constant pressure of paying out dividends, which can be so harmful.

We believe—it is an important point that Conservative Members must understand—that the tax system should not distort investment decisions. That is surely the right principle. We believe that we have taken the right decision for the long term.

Conservative Members should understand also that the value of a pension fund depends on the value of the stock market. It depends also on quality of investment and growth. When Conservative Members examine the predictions made by pension funds for the next 15 or 20 years, they should remember that, at the end of the day, the determining factor is the ability of companies and of the Government to create an environment in which investment is encouraged and companies grow.

It is worth bearing in mind also that the stock market has grown by about 5 per cent. since the general election. That tends to suggest that many people have a confidence in this Government that they did not have in the Tory Government.

The key to our proposals is a climate that will lead to more wealth creation, so that we can increase people's standard of living. It should be remembered that it was the Tories who reduced tax credits in 1983. The stated reason was to get money into the Exchequer because of the dire straits then facing the economy. They did not reduce corporation tax. Instead, they reduced tax credits to take money into the Exchequer.

The Conservatives should be extremely wary, given some of the predictions that we read in the newspapers. The right hon. Member for Cities of London and Westminster (Mr. Brooke), who arrived in the Chamber despite his mechanical difficulties, as yet undisclosed, told us that pension mis-selling was a hare in another field. It may be that to the right hon. Gentleman, but for the many who were mis-sold personal pensions, it is far from being a problem removed. For them, it is a very real problem. Some of those who persuaded people to opt out of occupational pensions are those who are making dire predictions about the effect of our policies. I urge everybody to take their predictions with a pinch of salt.

Conservative Members have asked about the plight of local authorities, but for 18 years we had a Conservative Government who clobbered local authorities. Suddenly, Conservatives are worried about pensions and the amount of public spending that is available to local authorities. They should bear it in mind, when considering the effects of the changes that we have made, that it is likely that they will have less impact on many local authority funds than early retirement costs.

Mr. Malcolm Bruce: Will the Minister give way?

Mr. Darling: Not at the moment. Perhaps I shall allow the hon. Gentleman to intervene when I take up the points that he raised.

Improved company performance will be reflected in long-term share prices. We believe that the changes that we have made are justified.

I shall refer briefly to the windfall tax. I think that I should, because the shadow Chief Secretary did not mention it once. After all, it was the feature of the Budget that the Conservatives were to complain about for the next few months, yet there was not a word about it save for the contributions of a few Opposition Back-Bench Members. The Conservatives are the only people who will not accept that privatised utilities enjoyed excess profits that they were not investing in the infrastructure, as they promised. Most people believe that our proposal to implement the windfall tax, and to use that money to get people back into work, providing them with the training, skills and education that will mark out the United Kingdom as a place to invest in for the future, is entirely right. That is why we were supported at the recent general election, when we made our policy clear.

I have no doubt that the Liberal Democrats have had some fun over the weekend with their Sunday-for-Monday press release on the Government's spending proposals. I do not shrink from the fact that we have had to make some hard decisions on public spending. We said that we would take those decisions, and we are doing so. Despite that, we have enabled local authorities, their local education authorities and the health authorities to plan better next year, by announcing that we would allocate them £1 billion and £1.2 billion for their spending next year.

The hon. Member for Gordon (Mr. Bruce) at least had the courtesy to admit, when I asked him about the matter earlier, that in real terms, health spending would go up by 2¼ per cent. and spending on schools would go up by 2.7 per cent., which is not what he was telling the newspapers over the weekend.

Spending is increasing. The Liberal Democrats wanted only £500 million; we have allocated £1 billion.

Mr. Malcolm Bruce: May I point out to the Chief Secretary that £500 million was for this year? He has given the health service not a penny this year. As he and the Chancellor have said that there will be no spending round this year, they have acknowledged that the inflationary effect will take effect this year and next year. That is why £5 billion is taken out of the spending.

When will the right hon. Gentleman explain to the House how deep the cuts in departmental spending are to be, where social security is to find more than £2 billion, where local authorities are to find more than £1.7 billion and where education and health are to find more than £800 million each? Where will the money come from? When will he tell the House?

Mr. Darling: The hon. Gentleman need not worry about that. We shall keep the House informed, as we always keep the House informed.

Throughout the debate, the Liberal Democrats have told us how they would spend more money here and more money there. Whenever they are asked where the money is to come from, it is a tax that someone else will pay. I noticed in their manifesto that they said that they would increase fuel duties, yet they condemned us for doing the same thing.

On tax, it is curious that some Conservative Members say that taxes did not go up enough, whereas others say that taxes went up too much. We have had to take the decisions announced by my right hon. Friend the Chancellor to pay off the debts that the Tories left us. We are determined not to get into a situation where this country is saddled with debt, with the result that debt interest payments are so high that not only does that impede our economic performance, but money that could otherwise be spent on services is being spent on repaying debt.

The same applies to the housing market. The Conservatives left the country with a legacy of boom and bust. There are many people in various parts of the country who are still living with negative equity. Nearly every hon. Member on the Conservative Front Bench bears responsibility for the unsustainable Lawson boom of the late 1980s. The only one who can claim an exemption is the leader of the Tory party, who can genuinely claim that he was too young at the time and had nothing to do with it. The rest of them are all guilty.

We have inherited a situation that we would not have chosen. We are prepared to take the tough decisions necessary to put the country on a proper long-term footing. Unlike the Conservatives, we have maintained our manifesto promises and we are delivering them.

We promised that we would not increase the top and basic rate of tax, and we have kept that promise. We said that we would cut VAT on fuel to 5 per cent., and we have delivered on that promise. We said that we would not extend VAT to food, children's clothes, books, newspapers and public transport fares, and we have kept that promise as well. We said that we would examine the interaction of the tax and benefit system, and already that work is in hand. We said that we would introduce a new individual savings account, and we have delivered on that promise as well.

We said that we would introduce a Budget to begin the task of equipping the British economy and reforming the welfare state to get young people back into work, and to give them the education and training opportunities that they want. We have delivered on that promise. This is a party which delivers on the promises that it made to the British people.

It is interesting to observe the defence by the Conservatives of private medical insurance, where they are defending only a few people—in the past seven years, the number of people getting the tax subsidy has barely changed. In 1990, there were 350,000 private medical insurance contracts. Seven years later, there are only a few thousand more than that. We have chosen to remove that subsidy from the few to benefit the many, to help to pay for the reduction of VAT on fuel. That illustrates the different priorities of the Labour party and the Conservatives. We benefit the many people in this country, not just in that individual measure. The Conservatives are concerned about the few, which is one of the many reasons why they were thrown out of office on 1 May.

This is a Budget for the future. It will give this country economic stability and create the right conditions for more investment, not just in industry but in infrastructure. It will ensure that we have a fair tax system and it will implement the people's priorities in the areas of education and health. I am sure that the House will endorse the Budget tonight, just as the whole country has endorsed it in the past few days. It is a Budget for the future, and it commands support up and down the country.

Question put:—

The House divided: Ayes 342, Noes 196.

Division No. 42] **[9.59 pm**

AYES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allen, Graham *(Nottingham N)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Banks, Tony
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bell, Martin *(Tatton)*
Bell, Stuart *(Middlesbrough)*
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, Rt Hon David
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Burden, Richard
Burgon, Colin
Butler, Christine
Byers, Stephen
Cabom, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell–Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis–Thomas, Mrs Claire
Dafis, Cynog
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John

Dismore, Andrew
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Dowd, Jim
Drew, David
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fatchett, Derek
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gardiner, Barry
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Grant, Bernie
Griffiths, Jane *(Reading E)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, Rt Hon Ms Harriet
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Ms Fiona *(Newark)*
Jones, Ieuan Wyn *(Ynys Môn)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall–Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheffld Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr Doug
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Powell, Sir Raymond
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Ryan, Ms Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Short, Rt Hon Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Walley, Ms Joan
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Wigley, Dafydd
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. David Clelland and
Mr. Jon Owen Jones.

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard *(Sheffld Hallam)*
Amess, David
Ancram, Rt Hon Michael
Arbuthnot, James
Ashdown, Rt Hon Paddy
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baker, Norman
Baldry, Tony
Ballard, Mrs Jackie
Beith, Rt Hon A J
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, Rt Hon Mrs Virginia
Brady, Graham
Brake, Thomas
Brand, Dr Peter
Brazier, Julian
Breed, Colin
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Bruce, Malcolm *(Gordon)*
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, John
Cable, Dr Vincent
Campbell, Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David

Chope, Christopher
Clappison, James
Clark, Rt Hon Alan *(Kensington)*
Clark, Dr Michael *(Rayleigh)*
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cotter, Brian
Cran, James
Curry, Rt Hon David
Davey, Edward *(Kingston)*
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Evans, Nigel
Faber, David
Fabricant, Michael
Fallon, Michael
Fearn, Ronnie
Flight, Howard
Forth, Rt Hon Eric
Foster, Don *(Bath)*
Fowler, Rt Hon Sir Norman
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
Garnier, Edward
George, Andrew *(St Ives)*
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gorrie, Donald
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hague, Rt Hon William
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hancock, Mike
Harris, Dr Evan
Harvey, Nick
Hawkins, Nick
Hayes, John
Heald, Oliver
Heath, Rt Hon Sir Edward
Heathcoat-Amory, Rt Hon David
Hogg, Rt Hon Douglas
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, Charles *(Ross Skye)*
Key, Robert
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Kirkwood, Archy
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lidington, David
Lilley, Rt Hon Peter
Livsey, Richard
Lloyd, Rt Hon Sir Peter *(Fareham)*
Loughton, Tim
Luff, Peter
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Mates, Michael
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Michie, Mrs Ray *(Argyll & Bute)*
Moore, Michael
Nicholls, Patrick
Norman, Archie
Oaten, Mark
Öpik, Lembit
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Ruffley, David
Russell, Bob *(Colchester)*
St Aubyn, Nick
Sanders, Adrian
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Matthew *(Truro)*
Temple-Morris, Peter
Townend, John
Tredinnick, David
Trend, Michael
Tyler, Paul
Tyrie, Andrew
Viggers, Peter
Wallace, James
Walter, Robert
Wardle, Charles
Waterson, Nigel
Webb, Professor Steve
Wells, Bowen
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. Richard Ottaway and
Mr. Malcolm Moss.

Question accordingly agreed to.

Resolved,

That provision may be made for imposing a tax on the amount of the windfall from which a company was benefitting on 2nd July 1997 in any case where—

(a) an undertaking whose privatisation involved the imposition of economic regulation has been privatised by means of a flotation; and

(b) the profits of the undertaking in the period after the flotation show that the company was benefitting on that date from a windfall from that flotation.

MADAM SPEAKER *then, pursuant to paragraph (3) of Standing Order No. 51 (Ways and Means motions), put forthwith the Questions necessary to dispose of the further motions.*

2. VALUE ADDED TAX (FUEL AND POWER)

Resolved,

That—

(1) In section 2(1A) of the Value Added Tax Act 1994, for "8 per cent." there shall be substituted "5 per cent.".

(2) This Resolution applies in relation to any supply made on or after 1st September 1997 and any acquisition or importation taking place on or after that date.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. SPIRITS (RATE OF DUTY)

Resolved,

That provision may be made increasing the rate of duty set out in section 5 of the Alcoholic Liquor Duties Act 1979.

4. BEER (RATE OF DUTY)

Resolved,

That provision may be made increasing the rate of duty set out in section 36(1) of the Alcoholic Liquor Duties Act 1979.

5. WINE AND MADE-WINE (RATES OF DUTY)

Resolved,

That provision may be made increasing the rates of duty set out in the Table in Schedule 1 to the Alcoholic Liquor Duties Act 1979.

6. CIDER (RATES OF DUTY)

Resolved,

That provision may be made increasing the rates of duty set out in section 62(1A) of the Alcoholic Liquor Duties Act 1979.

7. HYDROCARBON OIL (RATES OF DUTIES AND REBATES)

Motion made, and Question put,

That—

(1) In relation to times before the coming into force of section 7(2) and (3) of the Finance Act 1997, section 6(1) of the Hydrocarbon Oil Duties Act 1979 ("the 1979 Act") shall have effect as follows—

(a) for "£0.4168" there shall be substituted "£0.4510"; and

(b) for "£0.3686" there shall be substituted "£0.4028".

(2) In relation to times after the coming into force of section 7(2) and (3) of the Finance Act 1997, section 6(1A) of the 1979 Act shall have effect as follows—

(a) in paragraph (a), for "£0.4168" there shall be substituted "£0.4510";

(b) in paragraph (b), for "£0.3586" there shall be substituted "£0.3928"; and

(c) in paragraph (c), for "£0.3686" there shall be substituted "£0.4028".

(3) In section 11(1) of the 1979 Act, for "£0.0194" and "£0.0250" there shall be substituted "£0.0200" and "£0.0258", respectively.

(4) In section 14(1) of the 1979 Act, for "£0.0194" there shall be substituted "£0.0200".

(5) This Resolution shall have effect as from 6 o'clock in the evening of 2nd July 1997.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 335, Noes 137.

Division No. 43] **[10.16 pm**

AYES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allen, Graham *(Nottingham N)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Banks, Tony
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bell, Stuart *(Middlesbrough)*
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, Rt Hon David
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Burden, Richard
Burgon, Colin
Butler, Christine
Byers, Stephen
Cabom, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell–Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis–Thomas, Mrs Claire
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Dowd, Jim
Drew, David
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fatchett, Derek
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gardiner, Barry
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Grant, Bernie
Griffiths, Jane *(Reading E)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, Rt Hon Ms Harriet
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Ms Fiona *(Newark)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall–Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheff'd Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr Doug
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Oliner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn

Purchase, Ken
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Ryan, Ms Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Short, Rt Hon Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Walley, Ms Joan
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. David Clelland and
Mr. Jon Owen Jones.

NOES

Allan, Richard *(Sheffld Hallam)*
Ashdown, Rt Hon Paddy
Atkinson, David *(Bour'mth E)*
Baker, Norman
Baldry, Tony
Ballard, Mrs Jackie
Beith, Rt Hon A J
Blunt, Crispin
Body, Sir Richard
Bottomley, Rt Hon Mrs Virginia
Brake, Thomas
Brand, Dr Peter
Breed, Colin
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Malcolm *(Gordon)*
Burnett, John
Burstow, Paul
Cable, Dr Vincent
Campbell, Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Clappison, James
Clark, Rt Hon Alan *(Kensington)*
Clark, Dr Michael *(Rayleigh)*
Clifton-Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cotter, Brian
Cran, James
Davis, Cynog
Davey, Edward *(Kingston)*
Davis, Rt Hon David *(Haltemprice)*
Dorrell, Rt Hon Stephen
Ewing, Mrs Margaret
Faber, David
Fearn, Ronnie
Flight, Howard
Forth, Rt Hon Eric
Foster, Don *(Bath)*
Fowler, Rt Hon Sir Norman
Fraser, Christopher
Gale, Roger
Garnier, Edward
George, Andrew *(St Ives)*
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gorrie, Donald
Gray, James
Grieve, Dominic
Hancock, Mike
Harris, Dr Evan
Harvey, Nick
Hayes, John
Heath, Rt Hon Sir Edward
Heathcoat-Amory, Rt Hon David
Hogg, Rt Hon Douglas
Horam, John
Hughes, Simon *(Southwark N)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Jones, Ieuan Wyn *(Ynys Môn)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, Charles *(Ross Skye)*
King, Rt Hon Tom *(Bridgwater)*
Kirkwood, Archy
Laing, Mrs Eleanor
Leigh, Edward
Lidington, David
Livsey, Richard
Lloyd, Rt Hon Sir Peter *(Fareham)*
Llwyd, Elfyn
MacGregor, Rt Hon John
McIntosh, Miss Anne
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Mates, Michael
May, Mrs Theresa
Merchant, Piers
Michie, Mrs Ray *(Argyll & Bute)*
Moore, Michael
Norman, Archie
Oaten, Mark
Öpik, Lembit
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Smith, Sir Robert *(W Ab'dfns)*
Spelman, Mrs Caroline
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swinney, John
Syms, Robert
Tapsell, Sir Peter
Taylor, John M (Solihull)
Taylor, Matthew *(Truro)*
Temple-Morris, Peter
Townend, John
Tredinnick, David
Tyler, Paul
Tyrie, Andrew
Viggers, Peter
Wallace, James
Walter, Robert
Wardle, Charles
Wells, Bowen
Welsh, Andrew
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Wigley, Dafydd
Willis, Phil
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. Richard Ottaway and
Mr. Malcolm Moss.

Question accordingly agreed to.

8. TOBACCO PRODUCTS (RATES OF DUTY)

Resolved,

That provision may be made increasing the rates of duty set out in the Table in Schedule 1 to the Tobacco Products Duty Act 1979.

9. VEHICLE EXCISE DUTY (INCREASE IN RATES)

Motion made, and Question put,

That provision may be made increasing the rates of duty set out in Schedule 1 to the Vehicle Excise and Registration Act 1994.

The House divided: Ayes 332, Noes 192.

Division No. 44] **[10.28 pm**

AYES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allen, Graham *(Nottingham N)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Banks, Tony
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob

Blunkett, Rt Hon David
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Burden, Richard
Burgon, Colin
Butler, Christine
Byers, Stephen
Cabom, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell–Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis–Thomas, Mrs Claire
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Dowd, Jim
Drew, David
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fatchett, Derek
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gardiner, Barry
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Grant, Bernie
Griffiths, Jane *(Reading E)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, Rt Hon Ms Harriet
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Ms Fiona *(Newark)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall–Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheff'd Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr Doug
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Ryan, Ms Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Walley, Ms Joan
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael

Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jon Owen Jones and
Mr. David Clelland.

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard *(Sheffld Hallam)*
Amess, David
Ancram, Rt Hon Michael
Arbuthnot, James
Ashdown, Rt Hon Paddy
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baker, Norman
Baldry, Tony
Ballard, Mrs Jackie
Beith, Rt Hon A J
Bell, Martin *(Tatton)*
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, Rt Hon Mrs Virginia
Brady, Graham
Brake, Thomas
Brand, Dr Peter
Brazier, Julian
Breed, Colin
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Bruce, Malcolm *(Gordon)*
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, John
Campbell, Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clifton-Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cotter, Brian
Cran, James
Curry, Rt Hon David
Dafis, Cynog
Davey, Edward *(Kingston)*
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Ewing, Mrs Margaret
Faber, David
Fabricant, Michael
Fallon, Michael
Fearn, Ronnie
Flight, Howard
Forth, Rt Hon Eric
Foster, Don *(Bath)*
Fowler, Rt Hon Sir Norman
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
Garnier, Edward
George, Andrew *(St Ives)*
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gorrie, Donald
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hancock, Mike
Harris, Dr Evan
Harvey, Nick
Hayes, John
Heald, Oliver
Heath, Rt Hon Sir Edward
Heathcoat-Amory, Rt Hon David
Hogg, Rt Hon Douglas
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Jones, Ieuan Wyn *(Ynys Môn)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, Charles *(Ross Skye)*
Key, Robert
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Kirkwood, Archy
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lidington, David
Livsey, Richard
Lloyd, Rt Hon Sir Peter *(Fareham)*
Llwyd, Elfyn
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Mates, Michael
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Michie, Mrs Ray *(Argyll & Bute)*
Moore, Michael
Moss, Malcolm
Norman, Archie
Oaten, Mark
Öpik, Lembit
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Russell, Bob *(Colchester)*
St Aubyn, Nick
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns)*
Soames, Nicholas
Spelman, Mrs Caroline
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swinney, John
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Matthew *(Truro)*
Temple-Morris, Peter
Townend, John
Tredinnick, David
Trend, Michael
Tyrie, Andrew
Viggers, Peter
Wallace, James
Walter, Robert
Wardle, Charles
Waterson, Nigel
Webb, Professor Steve
Wells, Bowen
Welsh, Andrew
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Wigley, Dafydd
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. Paul Tyler and
Mr. Andrew Stunell.

Question accordingly agreed to.

10. VEHICLE LICENSING (FEES WITH LICENCE APPLICATIONS)

Resolved,

That provision may be made enabling the Secretary of State to require payments to be made to him in connection with—

(a) steps taken by him for facilitating the transmission of information to him electronically in connection with licence applications under the Vehicle Excise and Registration Act 1994, and

(b) the processing of such applications where information is so transmitted.

11. WITHDRAWAL OF RELIEF ON MEDICAL INSURANCE PREMIUMS

Motion made, and Question put,

That—

(1) Subject to paragraphs (2) and (3) below, relief under section 54 of the Finance Act 1989 shall not be given in respect of any payment where either—

(a) the premium in respect of which the payment is made is a premium under a contract entered into on or after 2nd July 1997; or

(b) the payment is received by the insurer on or after 6th April 1999.

(2) Paragraph (1) above shall not affect the giving of relief in respect of a payment received by an insurer before 6th April 1999 where—

(a) the premium in respect of which the payment is made is a premium under a contract entered into on or after 2nd July 1997 but before 1st August 1997;

(b) the contract is one entered into in pursuance of a written proposal received by or on behalf of the insurer before 2nd July 1997;

(c) the contract is not a contract entered into by way of the renewal of an earlier contract; and

(d) if the payment is not itself a payment received before 1st August 1997, the insurer had before 1st August 1997 received an earlier payment in respect of a premium under the contract in question.

(3) Paragraph (1) above shall not affect the giving of relief in respect of a payment received by an insurer before 6th April 1999 where—

(a) the premium in respect of which the payment is made is a premium under a contract entered into on or after 2nd July 1997 but before 1st August 1997;

(b) that contract is one entered into by way of the renewal of an earlier contract;

(c) the period of insurance under the earlier contract ended before 2nd July 1997; and

(d) if the payment is not its first a payment received before 1st August 1997, the insurer had before 1st August 1997 received an earlier payment in respect of a premium under the renewal contract.

(4) For the purposes of the preceding provisions of this Resolution a contract shall be taken to have been entered into by way of the renewal of an earlier contract only if—

(a) it was entered into by way of the renewal of a contract which was an eligible contract for the purposes of section 54 of the Finance Act 1989 when that earlier contract was entered into;

(b) the insurer under the earlier contract and the insurer under the contract by which it has been renewed are the same; and

(c) the period of insurance under the earlier contract ended immediately before the beginning of the period of insurance under the contract by which it has been renewed.

(5) This Resolution has effect for the year 1997–98 and subsequent years of assessment.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 377, Noes 113.

Division No. 45] **[10.43 pm**

AYES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allan, Richard *(Shef'ld Hallam)*
Allen, Graham *(Nottingham N)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashdown, Rt Hon Paddy
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Ballard, Mrs Jackie
Banks, Tony
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Beith, Rt Hon A J
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, Rt Hon David
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Thomas
Brand, Dr Peter
Breed, Colin
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Bruce, Malcolm *(Gordon)*
Burden, Richard
Burgon, Colin
Burstow, Paul
Butler, Christine
Byers, Stephen
Cabom, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Menzies *(NE Fife)*
Campbell-Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chidgey, David
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis-Thomas, Mrs Claire
Dafis, Cynog
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Drew, David
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Ewing, Mrs Margaret
Fatchett, Derek
Fearn, Ronnie
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Don *(Bath)*
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gardiner, Barry
George, Andrew *(St Ives)*
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Gorrie, Donald
Grant, Bernie
Griffiths, Jane *(Reading E)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harman, Rt Hon Ms Harriet
Harris, Dr Evan
Harvey, Nick
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Ms Fiona *(Newark)*
Jones, Ieuan Wyn *(Ynys Môn)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, Charles *(Ross Skye)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kirkwood, Archy
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Livsey, Richard
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John

McGuire, Mrs Anne
McKenna, Ms Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall–Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheff'ld Heeley)*
Michie, Mrs Ray *(Argyll & Bute)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Moore, Michael
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr Doug
Norris, Dan
Oaten, Mark
Öpik, Lembit
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Russell, Bob *(Colchester)*
Ryan, Ms Joan
Salmond, Alex
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Stunell, Andrew
Sutcliffe, Gerry
Swinney, John
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul
Vaz, Keith
Vis, Dr Rudi
Wallace, James
Walley, Ms Joan
Watts, David
Webb, Professor Steve
Welsh, Andrew
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Wigley, Dafydd
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Dowd and
Mr. Kevin Hughes.

NOES

Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baldry, Tony
Bell, Martin (Tatton)
Blunt, Crispin
Body, Sir Richard
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Butterfill, John
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clifton–Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cran, James
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Evans, Nigel
Faber, David
Fabricant, Michael
Flight, Howard
Forth, Rt Hon Eric
Fowler, Rt Hon Sir Norman
Fraser, Christopher
Gale, Roger
Garnier, Edward
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hayes, John
Heath, Rt Hon Sir Edward
Heathcoat–Amory, Rt Hon David
Hogg, Rt Hon Douglas
Horam, John
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Lidington, David
Lloyd, Rt Hon Sir Peter *(Fareham)*
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Norman, Archie
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Ruffley, David
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid–Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Temple–Morris, Peter
Townend, John
Tredinnick, David
Trend, Michael
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Wardle, Charles
Wells, Bowen
Whitney, Sir Raymond
Widdecombe, Rt Hon Miss Ann
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. Richard Ottaway and
Mr. John Whittingdale.

Question accordingly agreed to.

12. CORPORATION TAX (RATES FOR FINANCIAL YEAR 1997)

Resolved,

That—

(a) the rate at which corporation tax is charged for the financial year 1997 shall be, and shall be deemed always to have been, 31 per cent. (and not 33 per cent. as provided by section 58 of the Finance Act 1997); and

(b) the small companies' rate for that year shall be, and shall be deemed always to have been, 21 per cent. (and not 23 per cent. as provided by section 59(a) of that Act).

13. Surplus franked investment income

Resolved,

That provision may be made in relation to sections 242 to 244 of the Income and Corporation Taxes Act 1988.

14. Tax credits (pension funds)

Motion made, and Question put,

That—

(1) In section 231 of the Income and Corporation Taxes Act 1988—

(a) in subsection (2) for "Subject to section 241(5)" there shall be substituted "Subject to sections 231A and 241(5)"; and

(b) at the beginning of subsection (3) there shall be inserted "Subject to section 231A,".

(2) After section 231 of the Income and Corporation Taxes Act 1988 there shall be inserted—

"Restrictions on the use of tax credits by pension funds

231A.—(1) No claim shall be made under section 231(2) for payment of the amount of a tax credit if or to the extent that the qualifying distribution to which the credit relates is income of a pension fund.

(2) In the case of any pension fund, for any year of assessment the aggregate amount of the tax credits in respect of which claims are made under section 231(3) must not exceed the aggregate amount of the tax credits in respect of the qualifying distributions comprised in the income of the pension fund and brought into charge to tax.

(3) Accordingly, no payment shall be made under section 231(3) in respect of so much of the excess there mentioned as is referable to a tax credit in respect of a qualifying distribution if or to the extent that the qualifying distribution is income of a pension fund.

(4) In this section—

"income", in relation to a pension fund, means income derived from investments or deposits held for the purposes of the pension fund;

"pension fund" means any scheme, fund or other arrangements established and maintained (whether in the United Kingdom or elsewhere) for the purpose of providing pensions, retirement annuities, allowances, lump sums, gratuities or other superannuation benefits (with or without subsidiary benefits);

"scheme" includes any deed, agreement or series of agreements.

(5) For convenience of identification only, the schemes, funds or other arrangements which are "pension funds" for the purposes of this section by virtue of the definition of that expression in subsection (4) above include, in particular, those whose income is, in whole or in part, exempt, or eligible for exemption, from tax under or by virtue of any of the following provisions—

(a) section 512(2);

(b) section 592(2);

(c) section 608(2)(a);

(d) section 613(4);

(e) section 614(2), (3), (4) or (5);

(f) section 620(6);

(g) section 643(2).

(6) The preceding provisions of this section do not have effect in relation to—

(a) claims made in respect of tax credits to which entitlement arises by virtue of section 232(3); or

(b) claims made by virtue of arrangements having effect under section 788."

(3) This Resolution has effect in relation to qualifying distributions made on or after 2nd July 1997.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 332, Noes 199.

Division No. 46] **[10.57 pm**

AYES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allen, Graham *(Nottingham N)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Banks, Tony
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Burden, Richard
Burgon, Colin
Butler, Christine
Byers, Stephen
Cabom, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell-Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Drew, David
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Elliman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fatchett, Derek
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gardiner, Barry
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Grant, Bernie
Griffiths, Jane *(Reading E)*
Grocott, Bruce
Grogan, John

Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, Rt Hon Ms Harriet
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Ms Fiona *(Newark)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall–Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheff'ld Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr Doug
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Ryan, Ms Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Walley, Ms Joan
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Dowd and
Mr. Kevin Hughes.

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard *(Sheff'ld Hallam)*
Amess, David
Ancram, Rt Hon Michael
Arbuthnot, James
Ashdown, Rt Hon Paddy
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baker, Norman
Baldry, Tony
Ballard, Mrs Jackie
Beith, Rt Hon A J
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, Rt Hon Mrs Virginia
Brady, Graham
Brake, Thomas
Brand, Dr Peter
Brazier, Julian
Breed, Colin
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Bruce, Malcolm (Gordon)
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, John
Cable, Dr Vincent
Campbell, Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton–Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cotter, Brian
Cran, James
Curry, Rt Hon David
Dafis, Cynog
Davey, Edward *(Kingston)*
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Evans, Nigel
Ewing, Mrs Margaret
Faber, David
Fabricant, Michael
Fallon, Michael
Fearn, Ronnie
Flight, Howard
Forth, Rt Hon Eric
Foster, Don *(Bath)*
Fowler, Rt Hon Sir Norman
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
Garnier, Edward
George, Andrew *(St Ives)*
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gorrie, Donald
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hague, Rt Hon William
Hamilton, Rt Hon Sir Archie

Hammond, Philip
Hancock, Mike
Harris, Dr Evan
Harvey, Nick
Hawkins, Nick
Hayes, John
Heath, Rt Hon Sir Edward
Heathcoat-Amory, Rt Hon David
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Jones, Ieuan Wyn *(Ynys Môn)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, Charles *(Ross Skye)*
Key, Robert
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Kirkwood, Archy
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lidington, David
Lilley, Rt Hon Peter
Livsey, Richard
Lloyd, Rt Hon Sir Peter *(Fareham)*
Llwyd, Elfyn
Loughton, Tim
Luff, Peter
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Michie, Mrs Ray *(Argyll & Bute)*
Moore, Michael
Moss, Malcolm
Nicholls, Patrick
Norman, Archie
Oaten, Mark
Öpik, Lembit
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Ruffley, David
Russell, Bob *(Colchester)*
St Aubyn, Nick
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swinney, John
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Matthew *(Truro)*
Temple-Morris, Peter
Townend, John
Tredinnick, David
Trend, Michael
Tyler, Paul
Tyrie, Andrew
Viggers, Peter
Wallace, James
Walter, Robert
Wardle, Charles
Waterson, Nigel
Webb, Professor Steve
Wells, Bowen
Welsh, Andrew
Whitney, Sir Raymond
Widdecombe, Rt Hon Miss Ann
Wigley, Dafydd
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. Oliver Heald and
Mr. John Whittingdale.

Question accordingly agreed to.

15. Insurance companies and friendly societies (tax credits)

Resolved,

That—

(1) In paragraph 1(1) of Schedule 19AB to the Income and Corporation Taxes Act 1988—

(a) the words "the aggregate of" shall cease to have effect; and

(b) paragraph (b) shall cease to have effect.

(2) For the purposes of section 121 of the Finance Act 1993, Schedule 19AB to the Income and Corporation Taxes Act 1988 shall be deemed to have effect without the amendments made by paragraph (1) above.

(3) Paragraph (1) above has effect in relation to distributions made on or after 2nd July 1997.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

16. Insurance companies, friendly societies and Lloyd's underwriters

Resolved,

That provision may be made, in the case of insurance companies, friendly societies and Lloyd's underwriters, in relation to, or in connection with amending provisions relating to, distributions and tax credits.

17. Dealers in shares and other securities

Resolved,

That provision may be made for and in connection with amending sections 95 and 732 of the Income and Corporation Taxes Act 1988.

18. Payments representing tax credits etc

Resolved,

That provision may be made—

(a) about payments to which section 687 of the Income and Corporation Taxes Act 1988 applies;

(b) about arrangements under which a person receives a payment representing any of the value of a tax credit received by another; and

(c) for and in connection with amending section 699A of the Income and Corporation Taxes Act 1988.

19. Unauthorised unit trusts

Resolved,

That—

(1) Where a qualifying distribution—

(a) is made on or after 2nd July 1997 but before 6th April 1999 by a company resident in the United Kingdom, and

(b) falls to be regarded by virtue of subsection (2) of section 469 of the Income and Corporation Taxes Act 1988 as income of the trustees of a unit trust scheme to which that section applies, and

(c) is not a foreign income dividend and does not (apart from this Resolution) fall to be regarded by virtue of any provision of the Tax Acts as a foreign income dividend arising to the trustees,

the trustees shall be treated for all purposes of the Tax Acts (but not this Resolution) as if the qualifying distribution were a foreign income dividend.

(2) Paragraph (1) above shall not apply—

(a) if the unit trust scheme is a common investment fund established under section 42 of the Administration of Justice Act 1982; or

(b) if, apart from section 469(2) of the Income and Corporation Taxes Act 1988, the whole of the qualifying distribution would fall to be regarded as income of section 505 bodies.

(3) In this Resolution—

"foreign income dividend" shall be construed in accordance with Chapter VA of Part VI of the Income and Corporation Taxes Act 1988;

"section 505 body" means—

(a) a charity, as defined in section 506(1) of the Income and Corporation Taxes Act 1988;

(b) a body mentioned in section 507 of that Act; or

(c) an Association of a description specified in section 508 of that Act.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

20. Relief for Losses etc

Resolved,

That provision may be made limiting—

(a) the period for which amounts may be carried back under section 393A of the Income and Corporation Taxes Act 1988 or paragraph 3 of Schedule 8, paragraph 4(3) of Schedule 11 or paragraph 23 of Schedule 15 to the Finance Act 1996; and

(b) the amount that may be allowed by way of group relief on a claim under Chapter IV of Part X of the Income and Corporation Taxes Act 1988.

21. Capital allowances

Resolved,

That provision may be made amending the Capital Allowances Act 1990 for the purpose of—

(a) allowing first-year allowances to be made under Part II of that Act in respect of expenditure incurred by small and medium-sized companies and businesses on or after 2nd July 1997 and before 2nd July 1998; and

(b) modifying the operation of that Act in cases where machinery or plant is made available for use directly or indirectly as a consequence of any such arrangements as fall, in accordance with normal accountancy practice, to be treated as a finance lease or as a loan.

22. Relief for film production and acquisition expenditure

Resolved,

That provision may be made increasing the amounts of film production and acquisition expenditure incurred before 2nd July 2000 that are relievable under section 42 of the Finance (No. 2) Act 1992.

23. Stamp duty (conveyances and transfers on sale)

Motion made, and Question put,

That the following provisions shall have effect for the period beginning 8th July 1997 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) Section 55 of the Finance Act 1963 and section 4 of the Finance Act (Northern Ireland) 1963 shall each be amended in accordance with the provisions of paragraphs (2) to (4) below.

(2) Subject to the modification mentioned in paragraph (5) below, in subsection (1), for paragraphs (b) and (c) there shall be substituted—

"(b) where paragraph (a) above does not apply and—

(i) the amount or value of the consideration does not exceed £500, and

(ii) the instrument is certified as described in section 34(4) of the Finance Act 1958 at £250,000,

the rate of 50p for every £50 or part of £50 of the consideration;

(c) where paragraph (a) above does not apply and—

(i) the amount or value of the consideration exceeds £500 but does not exceed £250,000, and

(ii) the instrument is certified as described in section 34(4) of the Finance Act 1958 at £250,000,

the rate of £1 for every £100 or part of £100 of the consideration;

(d) where paragraphs (a) to (c) above do not apply and—

(i) the amount or value of the consideration does not exceed £500,000, and

(ii) the instrument is certified as described in section 34(4) of the Finance Act 1958 at £500,000,

the rate of £1.50p for every £100 or part of £100 of the consideration; and

(e) in any other case the rate of £2 for every £100 or part of £100 of the consideration;".

(3) In subsection (1A) for "paragraph (c)" there shall be substituted "paragraph (e)".

(4) In subsection (2)—

(a) after the words "shall have effect as if" there shall be inserted "(a)", and

(b) after the word "omitted" there shall be inserted—

"and

(b) in paragraph (d) for the words "paragraphs (a) to (c)" there were substituted the words "paragraphs (b) and (c)"."

(5) In section 4 of the Finance Act (Northern Ireland) 1963, for the words "section 34(4) of the Finance Act 1958" wherever they occur, there shall be substituted the words "section 7(4) of the Finance Act (Northern Ireland) 1958".

(6) This Resolution shall apply to instruments executed on or after 8th July 1997, except where the instrument in question is executed in pursuance of a contract made on or before 2nd July 1997.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

The House divided: Ayes 367, Noes 147.

Division No. 47] **[11.11 pm**

AYES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allan, Richard *(Sheffld Hallam)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Baker, Norman
Ballard, Mrs Jackie
Banks, Tony
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Beith, Rt Hon A J
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Thomas
Brand, Dr Peter
Breed, Colin
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Bruce, Malcolm *(Gordon)*
Burden, Richard
Burgon, Colin
Burnett, John
Burstow, Paul
Butler, Christine
Byers, Stephen
Cabom, Richard
Campbell, Mrs Anne *(C'bridge)*
Campbell, Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Campbell-Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chidgey, David
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*

Cunningham, Rt Hon Dr John *(Copeland)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Drew, David
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Ewing, Mrs Margaret
Fatchett, Derek
Fearn, Ronnie
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Don *(Bath)*
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gardiner, Barry
George, Andrew *(St Ives)*
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Gorrie, Donald
Grant, Bernie
Griffiths, Jane *(Reading E)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harman, Rt Hon Ms Harriet
Harris, Dr Evan
Harvey, Nick
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Ms Fiona *(Newark)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Charles *(Ross Skye)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kirkwood, Archy
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Livsey, Richard
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheff'ld Heeley)*
Michie, Mrs Ray *(Argyll & Bute)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Moore, Michael
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr Doug
Norris, Dan
Oaten, Mark
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Öpik, Lembit
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Rendel, David
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Russell, Bob *(Colchester)*
Ryan, Ms Joan
Salmond, Alex
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns)*
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Stunell, Andrew
Sutcliffe, Gerry
Swinney, John
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Wallace, James
Walley, Ms Joan
Watts, David
Welsh, Andrew
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Wigley, Dafydd
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Dowd and
Mr. Graham Allen.

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, Rt Hon Michael
Arbuthnot, James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baldry, Tony
Bercow, John

Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, Rt Hon Mrs Virginia
Brady, Graham
Brazier, Julian
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Burns, Simon
Butterfill, John
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cran, James
Curry, Rt Hon David
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Evans, Nigel
Faber, David
Fabricant, Michael
Fallon, Michael
Flight, Howard
Forth, Rt Hon Eric
Fowler, Rt Hon Sir Norman
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
Garnier, Edward
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hague, Rt Hon William
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hawkins, Nick
Hayes, John
Heathcoat-Amory, Rt Hon David
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Key, Robert
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lidington, David
Lilley, Rt Hon Peter
Lloyd, Rt Hon Sir Peter *(Fareham)*
Loughton, Tim
Luff, Peter
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Moss, Malcolm
Nicholls, Patrick
Norman, Archie
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Ruffley, David
St Aubyn, Nick
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Temple-Morris, Peter
Townend, John
Tredinnick, David
Trend, Michael
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Wardle, Charles
Waterson, Nigel
Wells, Bowen
Whitney, Sir Raymond
Widdecombe, Rt Hon Miss Ann
Willetts, David
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. Oliver Heald and
Mr. John Whittingdale.

Question accordingly agreed to.

24. STATUTORY EFFECT OF RESOLUTIONS

Resolved,

That provision may be made amending section 1(3) of the Provisional Collection of Taxes Act 1968.

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters which may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision relating to income tax relief for interest payments;

(b) provision in relation to distributions received by charities and persons to whom section 507 or 508 of the Income and Corporation Taxes Act 1988 applies;

(c) provision relating to tax credits;

(d) provision relating to the taxation of dividends and other distributions of companies;

(e) provision for or in connection with varying the rate at which tax is charged under or by virtue of sections 249 and 421 of the Income and Corporation Taxes Act 1988;

(f) provision for and in connection with the abolition of foreign income dividends;

(g) provision for interest on gilt-edged securities to be paid without deduction of income tax;

(h) provision for tax to be deducted on the payment of public revenue dividends mentioned in section 118G(3) or (7) of the Income and Corporation Taxes Act 1988; and

(i) provision substituting "August" for "May" in section 246(2)(b) of the Income and Corporation Taxes Act 1988.

FINANCE [*MONEY*]

Queen's recommendation having been signified—

Resolved,

That for the purposes of any Act of the present Session relating to finance, it is expedient to authorise the payment out of money provided by Parliament of amounts which, by virtue of that Act, are payable to charities and persons to whom section 507 or 508 of the Income and Corporation Taxes Act 1988 applies in respect of distributions received by them.

Bill ordered to be brought in upon the foregoing resolutions: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Secretary Prescott, Mr. Secretary Straw, Mr. Secretary Blunkett, Secretary Margaret Beckett, Mr. Secretary Dobson, Secretary Harriet Harman, Mr. Alistair Darling, Mr. Geoffrey Robinson, Mrs. Helen Liddell and Dawn Primarolo do prepare and bring it in.

FINANCE BILL

Dawn Primarolo accordingly presented a Bill to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 37].

Paedophiles

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Robert Ainsworth.]*

11.25 pm

Mr. Eddie O'Hara (Knowsley, South): In this short debate—*[Interruption.]*

Mr. Deputy Speaker (Mr. Michael J. Martin): Order. Perhaps the hon. Gentleman could wait a few moments. Will hon. Members leave the Chamber quietly, because there is an Adjournment debate?

Mr. O'Hara: Thank you, Mr. Deputy Speaker.

In this short debate, I shall call for changes in the law relating to paedophilia to deal with an intolerable situation that occurred recently in my constituency. A person with a long history of convictions for offences against children, who had been detained under the Mental Health Act 1983, was about to be discharged back into the community. The local police announced that they were powerless to take action against him unless and until he committed another arrestable offence. The public reaction was one of outrage: there were public demonstrations and protests, petitions and direct action in the form of vigilante attacks against known and suspected child sex abusers.

I can understand such reactions. Few offences rouse such basic, even primitive, instincts of fear, revulsion, protectiveness and lust for vengeance as sexual abuse of children. Commonly, people respond to child sex abuse through their hearts and stomachs, whereas the legislature—and I as a Member of this legislative assembly and as protector of my constituents' interests—must respond with a cool head. If current law is inadequate to protect my constituents' interests, I must seek improvements to enable it to do so effectively and in a fitting manner for a civilised society.

I shall confine myself to examining the case that occurred in my constituency and to drawing lessons from it. I shall describe the incident in more detail. The paedophile in question has a case history dating back to 1979, when, at the age of 25, he was gaoled for three years for assaulting a nine-year-old girl in Leicester. In 1984, he was again gaoled for attacking a 14-year-old girl in a home in St. Helens, Lancashire. In 1990, he was sentenced yet again; this time to nine years for the rape of a 10-year-old girl in Manchester.

In December 1996, he was released from that sentence, and returned to live in Manchester. Initially, he maintained regular contact with probation officers. In April 1997, he arrived in Huyton in my constituency and took up residence in a hostel for homeless men. By that time, he had changed his name to the one by which he is now known.

The man gave false information about himself to the management of the hostel, but, fortunately, perhaps due to his limited intelligence, he was apparently unable to sustain the deceit, and thus very soon revealed to the management of the hostel some details of his case history. Contact was made with the probation service in Manchester, which confirmed that he was a predatory paedophile. The Knowsley social services and the local police were informed, schools were alerted and he was kept under surveillance.

News of the man's existence leaked out and there was growing concern in the community, but the police at that time had no justification to intervene on him. The justification came when the police were alerted to the fact that he was abroad in the community with a bag of colouring books and pens with which evidently he wanted to lure a child. He was arrested for a breach of the peace and, subsequently, under the Mental Health Act, detained in a psychiatric unit for the statutory 28 days. In that psychiatric unit, he was diagnosed as a psychopathic paedophile, and as such not amenable to treatment. He was thus free under mental health law to discharge himself into the community after the 28 days had elapsed. It was at that point that the local police made their public announcement that they were powerless to act until he committed another arrestable offence, which was, of course, when there was a public outcry from my constituents.

The public response has taken many forms. There has been direct action in the form of vigilante attacks. They cannot be condoned, but they have a bearing on another approach to the problem—one that attracts wide public sympathy. That is the demand for a United Kingdom version of Megan's law, which is adopted in a number of states in the United States of America. Where this law is in force, there is full disclosure to the public of the identity of any sex offender who has taken up residence in a locality.

A register of known sex offenders is to be compiled in the course of implementation of the Sex Offenders Act 1997, which received Royal Assent in March. My hon. Friend the Minister has, I understand, given full assurance that that register will be compiled without delay. Full disclosure is, however, not necessarily the best way to use such a register.

The National Society for the Prevention of Cruelty to Children, speaking on behalf also of the Children's Charities Consortium, offers a number of arguments against full disclosure. First, it encourages vigilantism, and the presumption in a law-abiding society is that that should be discouraged. Secondly, it may discourage offenders from registering and drive them underground, thus making the task of the police and other agencies more difficult. It is worth noting that the Huyton paedophile, if I may call him such for ease of reference, changed his name and gave false information to the hostel in Huyton.

Thirdly, where the abuse is within a family, public notification will have an adverse effect on the welfare of the child and of other innocent family members. Fourthly, where the abuse is not within the family, public disclosure may undermine the struggle of the family to rebuild their lives at a time when what they most need is support.

On the other hand, the NSPCC and the Children's Charities Consortium believe that the police should have the discretion by law to make information about specific offenders available to social services departments, education departments, health authorities and other relevant agencies, but that only in exceptional circumstances should disclosure be made to the public.

It is interesting to note that the Police Superintendents Association of England and Wales is also against general disclosure of a paedophile's identity and whereabouts, because of the risk to public order, and that the Association of Chief Police Officers also feels that

wide-scale public notification would be fraught with dangers and should be considered only in very special and specific circumstances.

Despite the opposition by police organisations to full disclosure, they must have legal protection for the special circumstances that they acknowledge do occur. At the moment, the police can be exposed to legal challenge when they exercise that discretion without the protection of the law, as happened in north Wales recently. I know that my hon. Friend the Minister, being wise, will weigh those views with great care as he proceeds with the compilation of the register and ponders its use.

The NSPCC and its related organisations made other recommendations about the compilation and use of the register and its interface with other registers, and I am sure that my hon. Friend the Minister will have been made aware of those. Given the time available, I shall not detain him with them now. I am sure, however, that he will take note of the wandering career of the Huyton paedophile and his change of identity when drawing up the rules for the compilation of the register.

Ms Patricia Hewitt (Leicester, West): I am grateful to my hon. Friend for giving way, after I earlier alerted him to my interest in the subject. He has made several excellent points about an issue which is of great and growing concern to my constituents. I wish to draw to his attention the situation that recently arose in my constituency. A man was arrested for a series of sexual offences against children on the estate where he was living and was then found to have had previous convictions of a similar nature dating back 10 years. Of course, he would not be covered by the new requirement to register. I suggest to my hon. Friend that the discretionary power that he proposes for the police to be able to notify to the authorities the existence of somebody with a previous conviction might be the most desirable way forward to deal with the legitimate concerns of constituents that arose following that situation.

Mr. O'Hara: I thank my hon. Friend for that useful intervention, which saves me making the same point myself. I am sure that the Minister has taken full note of it.

One interesting response to the current problem in my constituency is the attempt of one group of parents to obtain a prohibitive steps order under the Children Act 1989. It is by no means certain that they will obtain a PSO as it must relate to a named potential victim. The parents are, however, to be commended for their attempt to turn current law to their present purpose. Even if they are successful, they will succeed only in displacing the problem from their locality. What is needed is an amendment to the law to ensure the protection of children everywhere from a known predatory paedophile, such as the one who settled in Huyton in April 1997.

I seek amendments to current law, to address the situation that confronted my constituents and me in mid-June 1997. I first address the problem that, after being detained for 28 days under mental health legislation, that person was free to discharge himself into the community because his condition was diagnosed as being not amenable to treatment, even though the condition diagnosed was psychopathic paedophilia. I understand that there is a dispute in the world of psychiatry about whether the condition is treatable, but that is not a matter for Home Office Ministers. What is a matter for Home Office Ministers is that that man has a tendency to commit child abuse and a record of such abuse, going back a long way. He predicts himself that he will reoffend. He has been arrested and sectioned for going out into the community equipped to lure a child, yet he can be released into the community under mental health law and be beyond the reach of the forces of criminal law until he commits an offence—not any old offence, but a sexual offence against a child; in other words, until he ruins a child's life, ruins a family and blights a community. In the case of most other offences, there is force in the argument that an offender who has served a sentence has paid a debt to society and that there should be a presumption in favour of the civil rights of that offender before the law. Paedophilia is not any old offence. To most people, the presumption is that the safety of the child must be paramount and must—if necessary in certain cases—take precedence over the civil rights of a paedophile offender and potential re-offender.

The change in the law that I seek is that the facility should be available in specific cases—and subject to diagnosis of the balance of risk—to detain paedophiles in custody. In such cases, the risk to the child would, if necessary, outweigh the rights of the potential abuser. Note that I do not specify medical diagnosis—it could be cross-disciplinary. In simple terms, I am asking the Minister to consider the availability of indeterminate sentences for paedophiles in special and specific cases.

The other amendment to the law that I seek is similar. If the decision is made to release a paedophile into the community, the facility should exist in law to subject him or her to compulsory supervision—again, subject to a diagnosis and assessment of the balance of risk. The need for the provision was demonstrated last week when the Huyton paedophile left the secure clinic freely—as was his right—and took up residence in a hostel far from Huyton. There, he subjected himself voluntarily to a supervisory regime. Last week, he left the hostel—destination unknown. He was located, but the relevant authorities were powerless to intervene. The Minister can imagine the consternation that this caused to my constituents, who support my call for extended supervision of sex offenders on release. The National Association for Care and Resettlement of Offenders also calls for such supervision.

There are aspects of the law relating to paedophiles which I have not touched for want of time and because they did not arise in the case to which I have referred at length. These include the possibility of electronic tagging, which may find favour in the light of ministerial announcements earlier today. There are also proposals to ease the experience of children giving evidence in court. I hope that the Minister will consider carefully the Pigott recommendations.

Myriad organisations have pressed for a wide range of specific enactments and sanctions of widely differing desirability and practicality. My proposals are different, in that I approach the problem from the other end. I have tried to identify the loopholes in the law and have proposed a way of plugging them. I have not been over-specific, as I know that this is a difficult area of legislation, and I leave the detailed drafting to the experts in the field. I hope, however, that I have persuaded the Minister to review the gaps at the interface between

[Mr. O'Hara]

mental health law and criminal law, and to take appropriate legislative action. In particular, I hope that he will review the gaps that I have identified in the law as it relates to paedophiles. I look forward to his response.

11.41 pm

The Minister of State, Home Office (Mr. Alun Michael): I start by congratulating my hon. Friend the Member for Knowsley, South (Mr. O'Hara) on raising such an important subject, which is of great concern to many people, and on doing so in a way that is a perfect example of how to treat a topic in an Adjournment debate. He raised the matter in a balanced way, and he will agree that we must combine a passion to act to protect children with great care to get it right.

I have always been taken by the following quote from Gibbon:

"The operation of the wisest laws is imperfect and precarious. They seldom inspire virtue, they cannot always restrain vice. Their power is insufficient to prevent all that they condemn nor can they always punish the actions which they prohibit."

Being very angry about things that we despise is not enough: we must find ways to make sure that the law is effective and that the operation of the law addresses the issues that my hon. Friend has raised. There are gaps in the law and we must make sure that we get the systems right. My hon. Friend reflects the priorities of his constituents, and of the public generally, by drawing attention to a matter which has had a profound impact in his community in recent weeks.

The Government are committed to doing all that we can to deter and punish those who sexually abuse and exploit children. At the top of the agenda is the need to ensure that there are effective measures in place to prevent frightening and tragic cases from occurring. We have legislation and controls that can be used against those who sexually abuse children, but we are not satisfied that children are given the protection that they need. We shall be taking action to ensure that the most vulnerable people in the community, particularly our children, receive the best care and protection possible, and that when crimes occur the offenders are caught and successfully prosecuted.

I shall respond to my hon. Friend on the case to which he drew attention—the known and self-confessed paedophiliac offender who was recently released into the community and whom my hon. Friend referred to as the Huyton paedophile.

The Government fully recognise the grave concerns raised by such cases. We are looking closely at the scope for further action on mental health and the criminal law to safeguard the public from people with apparently untreatable psychopathic disorders, particularly in relation to sexual offences. We shall consider whether more needs to be done to give the courts sentencing options sufficient to provide protection against sex offenders.

One of the areas to which my hon. Friend referred, and which we shall be studying, is the possibility of using indeterminate sentences for child sex offenders, to allow them to be held as long as they pose a threat, rather than having to release them even when the Prison Service and they themselves know that they are likely to re-offend. It is clear from the example that my hon. Friend gave that in some circumstances we are dealing with extremely devious individuals. He outlined the circumstances of a particular case fully and accurately and I do not need to repeat the description of events that he gave.

My hon. Friend is also right to say that every time such a case comes up, there are calls for Megan's law to be introduced, as in some states in the United States of America. In the American experience, there are differences between states and also in the experience. My hon. Friend is right to say that the outcome has not always been intended. That is why the quotation that I gave from Gibbon is so relevant. We want to ensure that we put legislation and programmes in place that will work.

There is evidence to suggest that there are cases without the complication of a psychopathic disorder, where it is possible to help the offender to recognise the problem and change his behaviour. Experience within the Prison Service has shown that if programmes are of sufficient intensity and duration, they can reduce rates of re-offending by as much as a quarter. Twenty-five establishments are involved in the programme and in 1996-97, 564 prisoners completed the sex offender treatment programme, with a further 116 completing the relapse prevention programme.

Probation services are also tackling offending behaviour in programmes of work to reduce re-offending, including treatment programmes to deal with sexually deviant behaviour. These are for offenders who have been supervised following their release from prison and for those serving sentences in the community. We shall continue to draw on available research to identify what is effective and to make the best use of such treatment programmes.

My hon. Friend mentioned adequate supervision after release from prison or during community sentence, which is crucially important. Measures are in place to ensure that all prisoners sentenced since 1 October 1992 serve at least half their sentence in custody, following which those serving 12 months or more and all young offenders receive compulsory supervision on release. All are at risk until the very end of their sentence: if they commit a further imprisonable offence before the end of their original sentence, the court dealing with the new offence may add all or part of the outstanding sentence to any new sentence that it imposes.

Under the terms of the supervision licence, offenders must get approval from their probation officer for any work that they undertake and for their place of residence. Those are standard requirements. If necessary, licences can be extended to include additional requirements to prevent an offender from working with persons under a specified age or to require an offender to undertake a programme of treatment to tackle their offending behaviour.

The Sex Offenders Act 1997, to which my hon. Friend referred, will certainly provide one of the key ways to increase public protection, by ensuring that the police know the whereabouts of sex offenders. My hon. Friend will be aware that Labour Members of Parliament campaigned for many years for a paedophiles register to be established.

The 1997 Act contains a requirement for those convicted of certain sex offences to notify the police of their name and address and of any change in either. We shall be issuing guidance to the police, setting out the

principles and considerations that should apply to the use and disclosure of the information given by sex offenders under that Act. That guidance will focus on the risk to the public, the sharing of information between agencies and disclosure to third parties. We intend to ensure that the information on the register can be used to inform employers, schools and, where appropriate, members of the public as well as voluntary organisations, as part of a focused strategy to protect children from paedophiles. At the centre of our approach is the assessment of risk and, therefore, the prevention of that risk becoming a reality.

We are well aware that the information will need to be handled carefully. There are certain pitfalls that we must avoid. We must not allow the information to provide opportunities for paedophiles to network. We also need to be careful, as my hon. Friend suggested, that the effects of the registration requirements are not so intrusive that paedophiles are driven underground. We must also ensure that the existence of the register does not encourage parents to develop a false sense of security, as the register will cover only sex offenders who have already been caught and convicted. Linked with the need to secure convictions, to which my hon. Friend also referred, there is the danger that information from the register which is spread too widely may hamper prosecutions for future offences by contaminating identification evidence. We must beware that, if it becomes known that a convicted sex offender lives in a particular area, there may be a temptation for people to take the law into their own hands. However abhorrent the crime, that is not the solution.

During the passage of the Sex Offenders Act 1997, I tabled a new clause which would have clarified some of these issues on the face of the Bill. It is a matter of regret that it was not accepted by Ministers at that time. The line of approach for which we argued at that time will inform the advice given.

My hon. Friend referred to a case in north Wales. I am aware of the judicial review hearing that took place last week and I do not wish to comment as the matter is sub judice, but I can assure the House that I will consider the judgment very carefully before any guidance is issued. At the moment, there are some misunderstandings about the restrictions on disclosure, but that case may help to clarify the issues.

My hon. Friend the Member for Leicester, West (Ms Hewitt) raised the question of those convicted before the implementation of the Sex Offenders Act 1997, and she is right; we are looking at ways to ensure that that gap in the law is dealt with. That matter needs some careful thought, but there is clearly a gap. There are a number of ways in which we want to provide additional protections where it is known that there is a problem. That is a matter of active consideration at the moment.

There are cases in which some strong measures may be necessary. A consultation paper was published earlier this year setting out options for making it an offence for a convicted sex offender to work with or seek to work with, or to offer services to children. That would create an additional deterrent to prevent paedophiles from gaining access to children through their work. Although the onus would still be on the employer to carry out thorough checks of all potential employees, the new offence would enable action to be taken against any convicted sex offender who applied for a post. A number of difficult issues need to be addressed, such as how to define the kind of work and services to be included, whether the protection should extend to 16 and 17-year-olds and whether any ban should be lifelong. Those issues are being dealt with in the consultation exercise, the responses to which are currently being analysed. We shall shortly be considering the next steps.

We are also taking action to increase the protection afforded to children who are adopted or fostered. Following the sentencing of Roger Saint, a former foster carer and adoptive parent who was convicted on 10 charges of indecent assault on a number of young boys placed in his care, my hon. Friend the Under-Secretary of State for Health has promised to close the loophole that gave local authorities discretion to place children for foster care or adoption with persons known to have convictions for child abuse. New regulations under the Children Act 1989 and the Adoption Act 1976 will be put before Parliament shortly.

The limited time available does not allow me to go into some of the details about the way in which the National Criminal Intelligence Service database is being developed and used, the steps that we intend to take in relation to child pornography, which is a particularly pernicious activity, and the international action in which we are involved.

Mr. Shaun Woodward (Witney): Will the Minister give way?

Mr. Michael: We certainly wish to address the issues that my hon. Friend the Member for Knowsley, South has raised in relation to child witnesses to try to increase the likelihood of paedophiles being convicted.

I have spent some time talking about what is being done to increase protection for children against paedophiles. It is important to recognise that progress is being made in terms of operational success against individuals and groups, and of increased legislative powers to deter and punish those who commit these dreadful offences. We cannot, however, rest on our laurels in dealing with such offences. There are almost daily tragic reminders of the need for more effective action. We will do all that we can to deter, catch and punish paedophiles, and to ensure that, on the basis of assessing the risks involved, there is no hiding place left for those who pose a threat to children.

Question put and agreed to.

Adjourned accordingly at six minutes to Twelve midnight.

House of Commons

Tuesday 8 July 1997

The House met at half-past Two o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

PRIVATE BUSINESS

KING'S COLLEGE LONDON BILL *[Lords] (By Order)*

Order for Third Reading read.

To be read the Third time on Tuesday 15 July.

LEVER PARK BILL *(By Order)*

Order for Second Reading read.

To be read a Second time on Tuesday 15 July.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

Hong Kong

1. **Mr. Ben Chapman:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the handover of Hong Kong, and on the current state of British relations with China. [5724]

3. **Mr. Waterson:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on Sino–British relations. [5728]

4. **Mr. Bennett:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make an assessment of the United Kingdom's future relations with China following the handover of Hong Kong. [5729]

The Minister of State, Foreign and Commonwealth Office (Mr. Derek Fatchett): I apologise for the absence of my right hon. Friend the Foreign Secretary, who is attending the North Atlantic Treaty Organisation summit in Madrid.

As my right hon. Friend told the Chinese Foreign Minister in Hong Kong, Britain and China have substantial common interests. We aim to build a new, broad and forward-looking relationship. We want Hong Kong to be a bridge not a barrier between us. That will depend on China honouring its commitments in the joint declaration.

Mr. Chapman: I thank my hon. Friend for that reply. Does he agree that, on present trends, China has the potential to be the world's biggest economic power early in the next millennium? Does he also agree that it is already a growing and major market for our goods and services? Does he further agree that it is enormously important politically, ecologically and demographically and has the potential to be a major outward investor? The handover of Hong Kong provides a new opportunity to develop a relationship with China, freeing us from the tensions inherent in the earlier relationship. Does my hon. Friend agree that, while human rights and our continuing responsibilities for the joint declaration may be features, we should pursue that new relationship with vigour?

Mr. Fatchett: My hon. Friend had a distinguished career as a diplomat before he came to the House and has a real understanding of the situation in China. We are looking forward to a new, constructive relationship with China and are keen to engage with it on a range of political, trade and human rights issues. That is the best way to secure the future of Hong Kong. We are deeply committed to ensuring that we carry out our responsibilities under the joint declaration.

Mr. Waterson: Can the hon. Gentleman explain the rationale behind the last minute volte-face, which resulted in British representatives being permitted after all to attend the swearing in of the new provisional Legislative Council? How can that be rationalised with the view—if it is still the Government's view—that that body is illegal?

Mr. Fatchett: I am surprised that the hon. Gentleman raised that issue. The Government's policy was that no Ministers would attend the swearing in ceremony for the provisional legislature. It has always been our understanding that there will be a consensus on Hong Kong policy. We were deeply disappointed that three senior representatives of the Conservative party attended the swearing in ceremony. When the new shadow Foreign Secretary has the opportunity to come to the Dispatch Box, I hope that he will condemn those Conservatives who went against the Government's policy.

Mr. Bennett: I do not suppose that my hon. Friend can tell me the CO_2 emissions for China and Hong Kong and the likely emissions over the next 10 or 15 years. Does he agree, however, that they will make a significant contribution to global warming and that it is important that we draw China into the worldwide agreements that are beginning to emerge in respect of protecting the environment for us all?

Mr. Fatchett: As my hon. Friend knows, it is difficult to predict precisely the CO_2 emissions from China or any other country, but my hon. Friend is right to say that they are likely to be significant in the coming years simply because of the size and the growth of the Chinese economy. A further reason to engage China on a range of issues is that the environment is as important to the Chinese as it is to us. We have been working with the Chinese on a number of environment projects, and we wish to extend that work in future.

Sir Patrick Cormack: Does the hon. Gentleman accept that there should be a continuing role for the House, and perhaps for the other place, in monitoring developments in Hong Kong during the rest of the 50-year period?

Mr. Fatchett: I accept the thrust of the hon. Gentleman's question. There will indeed be great pressure

on the House to ensure that there is effective monitoring. We shall certainly provide the opportunities. As the hon. Gentleman knows, we are still discussing the detailed mechanisms for such provision.

Mr. Campbell-Savours: Has my hon. Friend seen the reports in the Sunday newspapers of actions by the noble Lord Howe, which I support, to undermine the negotiating position of Christopher Patten as Governor of Hong Kong? Can we be sure that there will be a full inquiry into those allegations as many of us would like to know what really happened during that period?

Mr. Fatchett: My advice to my hon. Friend is to allow the Conservatives yet again to have their internal divisions in public. I enjoy watching those internal divisions. It is important to look to the future, and in that context we must ensure that the joint declaration is honoured and that we and the Chinese carry out our commitments under the joint declaration. That is the best way to ensure the long-term future and prosperity of the people of Hong Kong.

Commonwealth

2. **Mrs. Ann Winterton:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the future of the Commonwealth. [5727]

The Minister of State, Foreign and Commonwealth Office (Mr. Tony Lloyd): The Commonwealth has an increasingly important role to play in the modern world. The shared values of its members, reflected in the Harare declaration, are an important force in strengthening democracy and prosperity around the globe. We will take this agenda forward at the Commonwealth Heads of Government meeting in Edinburgh in October.

Mrs. Winterton: History will judge the Commonwealth as bringing great benefit to the emerging nations. Does the Minister accept that it needs new vigour and a new sense of purpose if it is to continue into the new millennium to be an effective alternative to the expensive, inefficient and power-hungry United Nations?

Mr. Lloyd: I would not pretend for a second to share any of the hon. Lady's sentiments in respect of the United Nations. We applaud the work of the United Nations in many parts of the world. However, there is no conflict between our view of the Commonwealth as an important institution in terms of projecting Britain's own values and making sure that the values that we share with other members of the Commonwealth are appreciated throughout the world. My right hon. Friend the Foreign Secretary made it clear in his recent mission statement that the role of the Commonwealth is central to our foreign policy objectives and our shared values in terms of democracy, good government, anti-corruption and building a global sense of values through the Harare declaration to which all Commonwealth nations must adhere.

Mrs. Dunwoody: My hon. Friend will be aware that Labour Members are delighted with my right hon. Friend the Secretary of State's strong commitment to the Commonwealth. He will have noticed that the previous Select Committee on Foreign Affairs produced a useful blueprint for the work that could be done within the Commonwealth and the genuine help that could be given to everyone throughout the organisation. Will he study it carefully and carry forward its practical views?

Mr. Lloyd: My hon. Friend makes a very important point. We of course welcomed that report, and we shall take its conclusions very seriously. We also share the view that, as I said, the Commonwealth is central to this Government's purposes. It is also central, though, in ensuring that the values that we espouse and those that we espouse in common with our Commonwealth partners are an example not only to the Commonwealth but to the whole world.

Mr. Menzies Campbell: May I commend in his absence the recent robust remarks by the Secretary of State for Foreign Affairs in relation to Nigeria? Does the Minister remember that, in 1961, when South Africa left the Commonwealth, it was on the verge of expulsion for its persistent and unrepentant flouting of Commonwealth values? If the present regime in Nigeria persists in its denial of human rights and democracy, will the Government give serious consideration to supporting a policy of expulsion of Nigeria from the Commonwealth?

Mr. Lloyd: As the hon. and learned Gentleman will know, the Commonwealth ministerial action group will meet at the end of the week. On its agenda, among other things, will be the future of Nigeria in the Commonwealth, and of course the future of its suspension. I think that he will understand if I do not go further than that today except simply to say that we shall be working actively with our Commonwealth partners to see what further action can be taken to bring pressure to bear on the Nigerians so that they recognise that their behaviour is despicable and that it is time they began to reform.

Mr. Pike: As both Pakistan and India very much value their membership of the Commonwealth, does my hon. Friend believe that this year, given that it is the 50th anniversary of their independence and the 50th year of the Kashmir problem, the Commonwealth could have a role in trying to help resolve that problem?

Mr. Lloyd: As we have made very clear, the Government are available to act to bring about a resolution of that very long-enduring conflict. The major parties of the conflict are not only the people of Kashmir, who are undoubtedly the victims, but the Governments of India and Pakistan. The British Government, and indeed the Commonwealth, can operate only within a framework established by those two nations.

Mr. Blunt: Given the events in Kenya reported in today's press, which seem to be in complete disregard of the Harare declaration, what steps are the Government taking to put pressure on the Government of President Arap Moi? Given the division between the Foreign Office and the Department of International Development, would such pressure include the potential suspension of aid?

Mr. Lloyd: I met President Moi and, indeed, Opposition figures when I was in Kenya just over a week

ago. I made it clear then that our Government expect all parties to make space available so that the forthcoming general election can be conducted without violence and in a way that allows the Kenyan people to exercise their democratic right to decide the future of the country. The events over the weekend are yet one further serious blow to that process.

We have made it clear that we deplore the violence and suggestions that the authorities may have used excessive force in their attempts to restrain demonstration. Within such terms, it is clear that the pressure that we are seeking to place is to ensure that the Kenyan people are sovereign in the process. Although I cannot answer for my right hon. Friend the Secretary of State for International Development, I am sure that she will take note of the hon. Gentleman's comments.

Mr. Howard: Further to the question by my hon. Friend the Member for Reigate (Mr. Blunt), in the light of the distressing scenes of violence in Kenya, what scope does the Minister think there is for representations by the Government, in co-operation with other Commonwealth Governments, to the Kenyan Government?

Mr. Lloyd: We have already made representations to the Kenyan Government and said that we expect them to play their part in ensuring that the run-up between now and the election later this year—or perhaps early next year—must be conducted without violence and in a way that allows the Kenyan people to make a decision. Those representations are firmly established with the Kenyan Government. We shall of course be seeking to work with our close allies in the Commonwealth and elsewhere to ensure that acceptance of the Harare principle is central to the Kenyan Government's actions. I simply repeat that we are in the end seeking to ensure that the Kenyan people have the right to choose the Government of Kenya.

Burma (Human Rights)

5. **Mrs. Brinton:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the steps being taken by his Department to improve human rights in Burma. [5730]

Mr. Fatchett: We take every opportunity to press the ruling State Law and Order Restoration Council—SLORC—to put an end to violations of human rights in Burma.

On 19 June, we announced that we would not provide any financial support to companies for trade missions to Burma or for trade promotion activities in Burma. We have also urged our EU partners to impose further measures against the SLORC.

Mrs. Brinton: Will my hon. Friend assure the House that the Government will support the tremendous efforts of Aung San Suu Kyi and the National Democratic League to fight for democracy in Burma, which is the true test of democratic rights? Will he also assure the House that Government money will no longer be used to encourage British companies to trade with Burma?

Mr. Fatchett: I can certainly assure my hon. Friend on the first point. We will continue to campaign for the restoration of democracy in Burma. It may be some consolation to my hon. Friend to learn that I sent, on behalf of the people of this country, birthday wishes to Aung San Suu Kyi on 18 June. I hope that it is not too long before Aung San Suu Kyi assumes her true position as leader of the Burmese people.

In addition, I can give my hon. Friend a commitment that no British taxpayers' money will pay for trade missions or trade promotion in Burma, unlike under the previous Government, who showed their hypocrisy by using taxpayers' money to promote trade in Burma while at the same time condemning its human rights record. Our actions match our words: as always, the Conservatives' actions and words do not go together.

Mr. Alan Clark: The Foreign Secretary's preoccupation with human rights is well known, and I respect him for it. However, there are four separate questions on today's Order Paper about human rights, all of which clearly envisage supplementary questions urging United Kingdom action on human rights in Burma, Sri Lanka, Indonesia and Nicaragua. Is it not the primary duty of the Foreign Office to nurture British diplomatic and commercial interests? Does the Minister think that those are likely to be advanced or inhibited by meddling in the internal affairs of other countries?

Mr. Fatchett: The right hon. Gentleman must have been away from the House for so long that he does not understand one of the conventions of the House, or perhaps it has been dropped by the Conservative party. He will recall that only a few moments ago the shadow Foreign Secretary raised the question of human rights in Kenya. It seems that a universal principle is being applied—the right hon. Gentleman may be the only person outside it.

Middle East Peace Process

6. **Mr. Burden:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the middle east peace process. [5731]

11. **Mr. Ivan Lewis:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the middle east peace process. [5738]

Mr. Fatchett: We are deeply concerned at the continuing stalemate in the middle east peace process and at the deteriorating situation in the occupied territories. We have impressed on all concerned the dangers of the situation as we see them.

We played a major role in producing the Amsterdam European Council statement on the middle east peace process. We are conferring with our partners on the follow up to this statement.

Mr. Burden: I thank my hon. Friend for that reply. Does he agree that one of the most difficult questions facing the peace process is the future of Jerusalem? That is why it is so important that neither side takes any action that pre-empts the negotiations that must eventually take place. Does he share my concern that the Government of Israel seem intent on removing residency rights from many of the 170,000 Palestinian Arabs who live in east

Jerusalem, even though many of them were born there? Will he undertake to investigate that, and does he agree that that policy of quiet deportation is contrary to human rights and to the spirit of the Oslo accord?

Mr. Fatchett: We certainly condemn any action by Israel or the Palestinians that pre-empts the final status negotiations. The matters to which my hon. Friend refers seem clearly to fall within that category, and therefore we have no hesitation in condemning them.

Mr. Ivan Lewis: Will my hon. Friend welcome the fact that, for the first time since March this year, tentative discussions have taken place between the Israeli Government and representatives of the Palestinian authorities, especially the surprising recent meeting between Mr. Sharon, one of Israel's well-known hard liners, and Abu Mazin? In that context, when my hon. Friend meets Mr. Arafat next week will he urge him to take every glimmer of hope that is available to him to ensure that the peace process can be put back on track?

Mr. Fatchett: We welcome any opportunity to reopen negotiations and any initiative that is taken. I compliment Ambassador Moratinos, the European Union special envoy, on his work. He has been particularly influential in trying to restart the talks between the Israeli Government and the Palestinians. I also congratulate the Egyptian Government on their role in trying to restart the peace negotiations. They have shown leadership and statesmanship—characteristics and attributes that are often lacking in that process.

Mr. Hogg: Does the Minister agree that the single most important step that the Government of Israel could take to promote peace would be to decide not to build new settlements and not to extend existing ones? If he agrees, will he take every opportunity to press that message on the Israeli Government, both collectively and unilaterally? In particular, will he enlist the support of the United States Government in making their position, alongside ours, absolutely plain to the Government of Israel?

Mr. Fatchett: I am pleased to tell the right hon. and learned Gentleman that we have already made clear our opposition to the extension of settlements and to new settlements. I visited the Har Homa settlement in May, and I set out clearly the British Government's position, which is based in international law and well known to the Israeli Government. We shall continue to convey that view to the Israelis and to other interested parties.

Mr. Soames: Does the Minister agree that, in the wider interests of peace and stability in the middle east, he should make the most vigorous representations to the Iraqi Government about the failure to return Kuwaiti prisoners of war? Will he assure the House that, if he has not already done so, he will take steps to represent our views very strongly on that matter?

Mr. Fatchett: I am pleased to tell the hon. Gentleman that we have conveyed that view. During my recent visit to Kuwait, I expressed to the emir this country's concern about the missing Kuwaitis. I gave him a commitment that we will do all we can to assist in ensuring that those missing Kuwaitis get back to their families in Kuwait.

Mr. Galloway: Does the Minister accept that the President Arafat who will come here next week is not the President Arafat who came here with such high hopes a couple of years ago and sat in the Strangers Gallery? He is almost a beaten and broken man because of his identification with a peace process that has become a tragedy, if not a farce. It is a tragedy because there is neither peace nor a process.

Although I welcome the Minister's promise to seize on what my hon. Friend the Member for Bury, South (Mr. Lewis) called a glimmer of hope, I am bound to say that I see no glimmers. The time has come when words of condemnation of Israeli policy in Jerusalem and the occupied territories are no longer enough. International action involving the United States of America, the international community and the United Nations is long overdue.

Mr. Fatchett: I can assure my hon. Friend that, when I met President Arafat the other week, he did not look broken and beaten: he was in good spirits and was keen to maintain the peace process and to restart the negotiations. I wished him well and gave him a clear commitment that we will do all we can to assist. My hon. Friend is correct to say that it is important that we get back to the negotiating table, as that is the only and best option available to everyone in the middle east.

Mr. Butterfill: Does the Minister agree that, however faltering, the peace process has been progressive, and there has been a steady handover of territory to Palestinian control? That process needs to continue if we are to achieve peace. Does he agree that the present state of unrest in Hebron is holding up that process? When he meets Yasser Arafat next week, will he impress on him the important role that he can play in creating a climate in which the peace process can proceed to completion?

Mr. Fatchett: It is clearly important that the process continues apace, otherwise the commitment to the process will diminish. It is obvious that the process must meet the aspirations of the Palestinian people and the security needs of the people of Israel. It must also deliver economically, as one of the issues that must be addressed is the fact that, since Oslo, the living standards of Palestinians have fallen by nearly one third. That is unacceptable, and progress must be made quickly so that everyone has a clear interest in and commitment to the peace process.

Export Trade

7. **Mr. Desmond Browne:** To ask the Secretary of State for Foreign and Commonwealth Affairs what steps he proposes to take to promote Britain's export trade. [5732]

Mr. Fatchett: We work hand in hand with the Department of Trade and Industry on export promotion. Together, we have established a new export forum which will consider how to improve our export promotion initiatives. We have given trade promotion a very high priority in my Department's mission statement.

Mr. Browne: Will my hon. Friend join me in paying tribute to the Scotch whisky industry for its considerable contribution to the UK's trade balance? Will he reassure the House that he will continue to use the World Trade Organisation's disputes settlement system to ensure a

level playing field for whisky exporters? In particular, will he ensure that everything possible is done to encourage India to include Scotch whisky in the early part of its trade liberalisation programme?

Mr. Fatchett: I am sure that my hon. Friend will have no difficulty in gaining support for his first point—that is, to ask everybody to support the value of Scotch whisky. I know that Scotch whisky is an important export for the United Kingdom and an important industry for my hon. Friend's constituents. We wish to see open markets for whatever product, and Scotch whisky is no exception.

During my recent visit to India, I raised with the Indian Finance Minister the question of open markets for Scotch whisky in India, and he was sympathetic to the argument. We need immediate action to achieve our objectives. I stressed the importance of that, and advised the Minister that Scotch whisky was a good nightcap for those touring India. He took my advice, and perhaps it will be open to others in the future.

Mr. Cash: Does the Minister accept that the most essential means of promoting exports is competitiveness, which requires established Conservative principles with regard to the promotion of trade and economic liberalism? Will new Labour espouse these principles, as it has done with almost everything else we have put forward in the past 150 years? Does he agree that one effective way of demonstrating the Government's determination to improve exports would be to condemn and eliminate illegal subsidies in the EU?

Mr. Fatchett: I was worried for a time that the hon. Gentleman might get through a question without mentioning Europe, and I was delighted that he arrived at that point at the end. As always, he saved the best bit for the end. Of course we condemn any subsidy that is illegal under European legislation.

Nicaragua (Human Rights)

8. **Barbara Follett:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on human rights in Nicaragua. [5733]

Mr. Tony Lloyd: I say with no apology that human rights are at the heart of our foreign policy. I recognise this receives approbation from hon. Members on both sides of the House. We will monitor human rights closely and raise our concerns with the Nicaraguan Government as necessary. We will encourage further steps to address police standards, prison conditions, banditry in the north of the country and discrimination against women and indigenous groups.

Barbara Follett: Does my hon. Friend share my concern at the legislation recently introduced by the Nicaraguan Government which restricts the rights of women and children in that country and is in direct violation of the international agreements that Nicaragua signed in Beijing in 1996 and Copenhagen in 1995?

Mr. Lloyd: I think that my hon. Friend is referring to the legislation on the ministry of the family. While we have not seen a draft of that legislation, I understand that it has received considerable criticism from non-governmental organisations in Nicaragua and more generally, which believe that it will discriminate against certain women and families.

The Government's position is that we support the rights of all women and families. Within that framework, we urge the Nicaraguan Government, which has signed and ratified the UN conventions on the removal of all forms of discrimination against women and on the rights of the child, to recognise that those conventions have to be put into practice in domestic law. We ask the Nicaraguan Government to study them carefully to ensure that any legislation conforms with their international treaty obligations.

Mr. Swayne: Will the Minister take this opportunity to distance himself from the position taken by the Secretary of State for International Development who, before free elections in that country, called for the expulsion of the American ambassador and the suppression of *La Prensa*, the anti-Sandinista newspaper?

Mr. Lloyd: I merely suggest that the hon. Gentleman should take those matters up directly with the Secretary of State for International Development. I am reliably advised that there is not a shred of truth in what he said. Perhaps he ought to check the source of the information, rather than simply pander to the prejudices of an era that even in Nicaragua is long gone.

Amsterdam Agreement

9. **Mr. Skinner:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent discussions he has had with other EU Foreign Ministers about the parts of the Amsterdam agreement that affect his Department. [5734]

The Minister of State, Foreign and Commonwealth Office (Mr. Doug Henderson): My right hon. Friend the Foreign Secretary regularly discusses European Union issues with his EU counterparts.

Mr. Skinner: What are the criteria for applicant countries wanting to join the European Union—the Common Market really, if we are talking straight? Every currency in the single market is being badgered to meet the criteria available to fit the economic and monetary union single currency, yet applicant countries apparently do not have to satisfy those to get in. Who pays the cost? Is it not true that we—the British taxpayers—are still paying large amounts of money for the German annexation of East Germany? Is it not odd that today we hear that Slovenia is being given a consolation prize—joining the Common Market—because it cannot get into NATO?

Mr. Henderson: I am grateful to my hon. Friend, who, since the general election, has been building up a reputation for great support for the Government. I am glad that he is continuing that today. May I reassure him that enlargement of the European Community provides a great opportunity on the one hand for better security within Europe and on the other for British exporters to break into a larger market.

A number of criteria will be given prominence by the European Commission when it publishes its assessment of the state of the various countries and their suitability

for membership, which I think will be next Wednesday. The Commission will take into account a country's human rights record, the establishment of parliamentary democracy, the extent to which there has already been economic convergence and the possibility of further convergence. Of course, there will be an assessment of costs.

Mr. Howard: I hope that my right hon. Friend the Member for Kensington and Chelsea (Mr. Clark) will not be too upset if I return to the question of human rights. Will the Minister tell us a bit about the human rights provisions of the treaty of Amsterdam? Does he agree that, if a member state is in serious and persistent breach of those provisions, the appropriate action should be to suspend that state from membership or expel it, rather than require it to remain a member and remove its voting rights?

Mr. Henderson: As one refugee from the Home Office to another, I welcome the right hon. and learned Gentleman to his new post. I know that he is embarrassed about raising economic, defence and foreign policy issues arising out of Amsterdam. The issue that he has raised is a red herring. European Union countries together stand for human rights. That was endorsed in the Amsterdam treaty and was very much initiated and supported by this Government.

Arms Sales

10. **Dr. Lynne Jones:** To ask the Secretary of State for Foreign and Commonwealth Affairs when he expects to make the announcement of the first countries to be blacklisted under the new code of conduct for arms sales. [5737]

Mr. Tony Lloyd: We shall announce, as soon as it is completed, the results of the review of criteria used in considering licence applications for the export of conventional arms. We are taking this exercise forward as a matter of urgency. The review does not focus on individual countries and will not involve the compilation of a blacklist. It will, however, meet our commitment not to permit the sale of arms to any regimes that might use them for internal repression or international aggression.

Dr. Jones: My hon. Friend will be aware that the Government have raised expectations that their attitude to the arms trade will be different. The previous Government rejected calls for a ban on arms sales to Indonesia, despite photographic, video and eye-witness evidence of the use of UK equipment for internal repression. Will the Government draw up guidelines to allow the acceptance of such evidence and will he confirm that breaches of those guidelines will lead to the cessation of arms sales to the country concerned?

Mr. Lloyd: As I have said, the review is urgently under way. My hon. Friend would not expect me to comment on its impact on individual countries because its purpose is to ensure that we have a truly global framework. Nevertheless, in the context of Indonesia, the Minister, my hon. Friend the Member for Leeds, Central (Mr. Fatchett), has asked for precisely the sort of information she mentioned, so that we can take a proper and informed view of the consequences of previous UK arms sales.

Mr. Gerald Howarth: In advance of the review, will the Minister make it clear that the Government support the principle of defence exports? The hon. Member for Birmingham, Selly Oak (Dr. Jones) called them arms sales, but they are in fact defence exports. Will he confirm, that our defence exports are vital for Britain because they sustain tens of thousands of jobs, often high-technology jobs, not only in my constituency but in those of many Labour Members; that they enable us to provide our services with the best British equipment at a price that we can afford; and that they give us foreign policy levers over countries with which we enjoy good friendship?

Mr. Lloyd: The Government might find it easier to take lectures from Conservative Members, and from the hon. Gentleman in particular, if they had not been part of a Government with an incredibly sleazy record on arms sales. He well recalls the way in which that Government prostituted the aid budget to obtain arms sales at the time of the Pergau dam scandal, and how that Government wriggled and tried to hide the truth about arms sales to Iraq. They were prepared not only to put at risk the lives of British people in the services but were so economically incompetent that we are still owed money by the Iraqis for those deals. If he wants to talk about arms sales, he should start by apologising to the House for his role in that shameful Government.

Mr. Mullin: Talking of Indonesia—my hon. Friend will recall that the regime there came to power on the back of a bloodbath matched in Asia only by Pol Pot—was he as surprised as I was to find that the Ministry of Defence has given invitations, no doubt left over from the previous regime, to three Indonesian generals who are due in Britain later this month to discuss who knows what? What discussions has he had with the MOD about whether that is a good idea and whether it will send the right message to the Indonesian Government?

Mr. Lloyd: I can confirm that the invitation was issued by the previous Government.

Mr. Gerald Howarth: Disgraceful.

Mr. Lloyd: Conservative Members speak for themselves.

We do not know yet whether the invitation will be taken up. I can confirm that any sales to any part of the world that arise from that or other exhibitions of military equipment will, of course, be subject to the export licence procedures that I have already discussed. Inevitably, our commitment to making sure that the review ensures that we do not provide arms that can be used for internal repression or external aggression will also apply to such arms sales.

Mr. Faber: Further to the last answer, does not the existing policy guidance document on defence exports already include the need to take into account the human rights record of recipient countries? With exactly what aspect of the current criteria does the Minister disagree?

Mr. Lloyd: I suggest that the hon. Gentleman does not anticipate the outcome of the review but, that said, I remind him—as I said to the hon. Member for Aldershot (Mr. Howarth) a few moments ago—that his party in government ran defence sales in such a way that they brought great shame to Britain. They made Britain's name abroad one of disrepute. We intend to ensure that Britain, while recognising our legitimate right to trade on the world stage, operates with a degree of moral responsibility. That might shock Conservative Members, but at least we shall ensure that we can hold our heads high in the international arena.

Kashmir

12. **Mr. Heppell:** To ask the Secretary of State for Foreign and Commonwealth Affairs when he plans next to meet representatives of the Pakistani and Indian Governments to discuss an agreement on Kashmir. [5739]

Mr. Fatchett: I discussed Kashmir with both Governments during my visit to India and Pakistan last month. In addition, I met the Pakistani Foreign Minister and the Indian Minister of State for External Affairs in Hong Kong, and we again discussed Kashmir. We shall continue to support both countries in their dialogue on the issues that divide them, including Kashmir.

Mr. Heppell: I thank my hon. Friend for that reply. Is he aware of the reports that the Indian authorities in Srinagar have in their possession audio tapes that could shed some light on the motives and the identity of the people who have taken British hostages? Will he raise the issue with the Indian high commission in London as a matter of urgency?

Mr. Fatchett: I can assure my hon. Friend that we have had close relationships with both the Indian and Pakistani Governments on the hostage question. Their help has been greatly appreciated. I am sorry to say that we have made no further progress, but I can give my hon. Friend and the families of the hostages every assurance that we shall continue to work closely and actively with both Governments until we find the hostages.

Mr. Colvin: Will the hon. Gentleman confirm that the plebiscite that was promised to the Kashmiri people on their future in 1947 was denied them because the Labour Government of the day gave India and Pakistan independence six months earlier than had previously been agreed? Does he agree that this year—the 50th anniversary of those events—is a good window of opportunity to permit that problem to be resolved? Will he remind the House of the details of the criteria agreed by India and Pakistan, which must be met before that plebiscite can take place?

Mr. Fatchett: I congratulate the Indian and Pakistani Governments on their efforts to renew discussions between the two Governments. It is an act of statesmanship and leadership by Prime Ministers Gujral and Sharif. We hope that those talks are successful. I was delighted with the news that, in the talks last month, it was agreed to establish a working party on Jammu and Kashmir. I assume that all the issues to which the hon. Gentleman referred will fall within the remit of that working party. If that is the case, there are good prospects of making progress in an extremely difficult issue. We have made it clear to both Governments that, if they so wish, the good offices of the British Government will be made available to them.

Korea

13. **Mr. Flynn:** To ask the Secretary of State for Foreign and Commonwealth Affairs what new proposals he has to improve relations with Korea. [5740]

Mr. Fatchett: At their recent meeting in New York, my right hon. Friend the Prime Minister and the President of Korea agreed that the relations between our two countries were improving all the time. We shall work closely together further to enhance this important partnership.

Mr. Flynn: Does my hon. Friend agree that the decision to locate £2 billion of high-tech Korean investment in my constituency was made in the sure knowledge that the economy in Wales under a Labour Government and a Welsh Assembly would be a healthy one for growth and development? Is he aware that those jobs have been relocated three fields away from the site where British technology jobs once were, before they were relocated under the previous Government to countries that have both the minimum wage and the social chapter? What does my hon. Friend intend to do to ensure that the cordial relations between Korea and the United Kingdom improve this year, when we are celebrating the 200th anniversary of the first contact between those two countries?

Mr. Fatchett: I congratulate my hon. Friend on all his efforts and on the initiatives that he took to persuade the Korean inward investment to come to Newport. I am sure that his constituents will be extremely pleased with the success of his efforts, and that all hon. Members on both sides of the House will wish to congratulate him in that respect. He also looks to the future and I think that he, along with many other business people, will be encouraged by the decisions taken by my right hon. Friend the Chancellor last week, when he reduced the level of corporation tax to an all-time low. That will be very attractive to new inward investors, and they will also notice that, at last, we in the United Kingdom have a Government who are sensitive and friendly to business requirements. That is why we have the lowest level of corporation tax—something that the Conservative party talked about but failed miserably to achieve.

Mr. Rowe: Would the Minister care to share with the House his assessment of how long the present situation in North Korea can persist and what, if any, risk he perceives to South Korea from the impending collapse?

Mr. Fatchett: The hon. Gentleman raises an important issue; and we are naturally concerned about both the nature of the regime in North Korea and the condition of the people there. He will know that the Government have already made £1 million available to help with food shortages. We are also working with our European partners to bring assistance to North Korea. It is crucial, not only to North Korea's immediate neighbours, but to

all of us, that the four-party talks are successful and that North Korea changes its political face and economic approach and gives its people the opportunity to achieve what has been achieved in South Korea. The hon. Gentleman is right to say that what is happening in North Korea has serious implications.

Zimbabwe

14. **Mr. Davidson:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the United Kingdom's relationship with the Government of Zimbabwe. [5742]

Mr. Tony Lloyd: The United Kingdom enjoys close and warm relations with the Government of Zimbabwe. We are important partners of Zimbabwe across a wide field, including trade, investment, development co-operation and military training. This week, the Zimbabwean Foreign Minister will come to London to take part in, and chair, the Commonwealth ministerial action group, and I look forward to meeting and working with him in that process.

Mr. Davidson: I thank the Minister for his answer. Has he considered ways in which this country can assist the development of democracy in Zimbabwe by assisting non-racial, non-tribal opposition parties in that country and by encouraging greater democracy within the ruling party?

Mr. Lloyd: We have welcomed the Zimbabwean Government's proposals to make the playing field considerably more level, specifically in respect of election law and the financing of opposition political parties. We would urge that they carry forward that process so as to make sure that Zimbabwe develops into a proper and pluralistic society.

Mr. Ian Bruce: Why does the Minister believe that it is right to say that we should have export bans and stop people selling to certain other countries because of the problems they have with their democracies, when he does not propose that UK companies should stop trading with Zimbabwe? Is it not strange that we are keen to see Korean companies importing into this country, without sanctions, while constantly saying that we should have sanctions against British companies which are out there exporting?

Mr. Lloyd: Korea is in Asia and Zimbabwe is in Africa. Of course, the question of how we relate to other nations in respect of their human rights and their domestic and global responsibilities is one that varies on a case-by-case basis. That is the position of any Government—it was the position of the Government that the hon. Gentleman supported before the general election and it is certainly the position of the present Government. However, the hon. Gentleman will notice that we shall be a lot more consistent in our views and a lot more honest.

Indonesia (Human Rights)

15. **Mr. Andrew George:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on (a) the human rights record of Indonesia and (b) its impact on the licensing of future arms exports to that country. [5743]

Mr. Fatchett: We have serious concerns about the human rights situation in both Indonesia and East Timor. We look to Indonesia to improve its human rights record. As announced to the House on 22 May, we are reviewing the criteria used in considering licence applications to export conventional arms. We expect the review to be completed in the next few weeks. We shall not issue licences for the export of arms, to Indonesia or any other country, which might be used for internal repression or international aggression.

Mr. George: I thank the Minister for that reply. Does he agree that a genuine concern for the well-being of civilians and in other countries is not tantamount—

Mr. Campbell–Savours: Take your hands out of your pockets.

Mr. George: I am sorry.

Does the Minister agree that it is not tantamount to a preoccupation with human rights, which Conservative Members implied was to be scorned? Has he sought legal advice as to whether the revocation of export licences would imply any compensation payments to those exporters? The legal advice that I have received implies that it would not.

Finally, will the Minister inform the House how quickly he will move on to the revocation of licences when the review is over?

Mr. Fatchett: I suggest that the hon. Gentleman never listens to any advice offered by my hon. Friend the Member for Workington (Mr. Campbell–Savours). It has never worked for anyone else, so there is no reason to believe that it will work for him. As for the general points that the hon. Gentleman raises on human rights, he is of course correct to say that we are dealing with universal principles of universal application, and that those will be the criteria that guide Government policy.

As for the arms issues, I ask the hon. Gentleman to wait, with others, for the announcement of the results of the review that we have established.

Mr. Sheerman: I am pleased that my colleague is carefully examining Indonesia's human rights record. Human rights has emerged repeatedly as an issue during today's Question Time. However, it does worry some of us who want consistency when, post-Hong Kong, all we have heard about is gung-ho trade with China and the fact that we have an enormous trade deficit with that country, when surely no one can defend the human rights record of that country.

Mr. Fatchett: I suspect that my hon. Friend was not in the Chamber for the first question and the first answer that I gave; if he was, he may well have missed the point that I made about the human rights record of the Chinese Government and the need to engage that Government on the human rights agenda. All that we have said since the handover of Hong Kong, in replies in the House this afternoon and in statements, has been about the need to

ensure that China honours the Joint Declaration. That is about human rights, and that is about a consistent and universal commitment to human rights. That will apply in Indonesia, Hong Kong and throughout our policy.

Mr. David Davis: I have a factual question for the Minister, which allows a yes or no answer. Given all the resources available to him in the Foreign Office, can he confirm that British-made Hawks are never used in East Timor?

Mr. Fatchett: The hon. Gentleman is asking me to follow a practice that he never followed in office, and I can never remember him giving such a factual answer. On Hawk and every other arms deal, he will have to wait until the conclusion of our review. We shall have to consider the criteria and make a judgment, and then he will be in a position to support or to criticise the Government. I am afraid that he will have to show patience and to wait.

Year of the Commonwealth

16. **Mr. Simon Hughes:** To ask the Secretary of State for Foreign and Commonwealth Affairs what initiatives his Department is taking to mark the United Kingdom Year of the Commonwealth; and if he will make a statement. [5744]

Mr. Tony Lloyd: We welcome the initiative of the Royal Commonwealth Society in naming 1997 the UK Year of the Commonwealth. This Department held a reception to mark its launch in January. As well as hosting the Commonwealth Heads of Government meeting and the Commonwealth Business Forum, we are funding the Commonwealth Centre in the margins of the CHOGM and are contributing to, and are involved with, a number of other events during the year.

Mr. Hughes: I thank the Minister for his reply. I would encourage him to realise that, out there in the community, lots of young people, in particular, are completely unaware of the Commonwealth, of our involvement in it, of its importance, and of the number of people who are Commonwealth citizens and who have settled in this country. They may also be unaware of its benefits, to Britain and to half the population of the world. Will the Minister, perhaps with his colleagues who are responsible for education, set up an initiative so that, by the autumn—around the time of the Commonwealth conference in Edinburgh—people will be more aware of the fact that the Commonwealth is one of the most valuable organisations to which we have ever belonged?

Mr. Lloyd: The role of the Commonwealth, although rarely ignored in other Commonwealth countries, may ironically have been ignored in this country. That is perhaps because we take too easily for granted some of the central values that it represents: democracy, good government and so forth. We can be truly proud of those values; we can celebrate them. That is why the Government are placing considerable emphasis on this Year of the Commonwealth. We are grateful to the Royal Commonwealth Society, and to people such as the hon. Gentleman who support it. The society took the initiative to make this the Year of the Commonwealth. We intend to use the rest of this year to highlight the organisation in the run-up to the Edinburgh meeting, which will generate considerable publicity both for the institution of the Commonwealth and for the values that it underpins.

Points of Order

3.30 pm

Mr. Gerald Howarth (Aldershot): On a point of order, Madam Speaker. I know that you have responsibility for the printing of our proceedings, and it occurred to me that *Hansard* may have been misled by the answer I was given earlier by the hon. Member for Manchester, Central (Mr. Lloyd), who suggested that I was a member of the former Government with responsibility for defence exports. For the benefit of *Hansard*, may I point out that, so far from being a Minister, I was not even in the last Parliament? But my right hon. Friends did a fantastic job for Britain in the promotion of defence exports.

Madam Speaker: That is barely a point of order for me.

Mr. Geoffrey Clifton-Brown (Cotswold): On a point of order, Madam Speaker. Have you received a request from Foreign Office Ministers to make a statement on the attitude of the French authorities? I learned this morning that a constituent of mine, a British passport holder, has been told that he may not leave the camp site he is on in France while the French authorities investigate whether he is liable for French conscription—the second such case in a fortnight. Can you ask Foreign Office Ministers for a statement on what appears to be an increasing trend on the part of the French authorities? British passport holders should surely be free to travel in France without fear of arrest.

Madam Speaker: I am not aware that any Minister is seeking to make a statement on that matter today. I might advise the hon. Gentleman to make representations himself to the Foreign and Commonwealth Office, since the case concerns a constituent for whom he has some responsibility.

Film Classification Accountability and Openness

3.32 pm

Mr. Julian Brazier (Canterbury): I beg to move,

That leave be given to bring in a Bill to make the British Board of Film Classification accountable to Parliament; to require it to publish each year a list of its members, a register of their interests, minutes of its proceedings and copies of the expert advice it commissions; to give the Secretary of State power to dismiss its president; and for connected purposes.

The British Board of Film Classification is one of the last and worst examples of complacent, arrogant, secretive self-regulation. There is growing concern at the increasing culture of violence in this country, and the British Board of Film Classification should be playing a vital role in combating it.

The board had its origins before the first world war; it was set up by the film industry to provide independent and impartial advice to local authorities—the licensing authorities—on which films should be shown in cinemas. In 1984, Parliament gave the board a more statutory power over videos—it is a criminal offence to see a video which the board has not passed—yet the organisation remains, in effect, accountable to no one. It publishes an annual report, but it contains no register of interests, little or no mechanism for accountability and, worst of all, no trace of the specialist advice that it takes.

A recent celebrated case was the film "Crash", which portrays people getting sexual gratification from the most violent and dangerous motor crashes. It is especially worrying at a time and in a country where more children are killed each month than were killed in the Dunblane incident and where cars are more readily available than firearms—a subject on which the House has expended much time and energy. When asked to justify his decision to allow the film to be shown in Britain's cinemas, James Ferman, the director of the British Board of Film Classification, said that he had done so because he had taken specialist advice from a child psychologist who said that the film was safe. I argued with him on television and heard him repeat those claims.

Fortunately, the psychologist in question was very brave. I hope that it will enhance his standing in the profession that he chose to break confidentiality and blow the whistle, and release the full 12-page text of the report that he submitted. May I quote from it briefly? It said:

"Younger people, and those . . . who are particularly impressionable, are much more likely to be influenced by the moral vacuum associated with the sexuality shown by the main characters. . . . inexperienced people may look to the main characters as role models.

In addition, there exists in any community a small group of disturbed, psychologically vulnerable or deviant individuals.

But the main characters—. . . the Photographer, who pursues his 'art' in this film to the destruction of self and . . . others—could be seen as an inspiration or role model for these people to emulate."

A professional psychologist has therefore said that the film could encourage certain irresponsible young people to go out and kill people by driving dangerously. We would know none of that had Mr. Brittan not had the courage to blow the whistle on Mr. Ferman.

I wish to make a wider point rather than simply challenge that film. There is something profoundly wrong with a set-up in which an extraordinarily influential and powerful body can conduct its affairs in such secrecy.

Furthermore, the lack of a proper register of interests means that we cannot even be certain that none of the board members have commercial connections with films that come before them. The redoubtable Steve Doughty of the *Daily Mail*, whom I congratulate on his investigative journalism on this matter, unearthed the fact that one board member, who is supposed to review films in our interests, helps to run an escort agency that specialises in the entrapment of parties to divorces.

There should be a full register of interests, and the board should be moved towards the BBC model. Nobody wants the Government or Parliament to censor films, but we need a proper non-executive committee, the members of which would be appointed and potentially fired by the Home Secretary. That system works in the case of the BBC and provides accountability to Parliament, without allowing direct interference in operations.

Since the beginning of civilisation, it has been accepted that what people, especially young people, see and hear, influences them. Pythagoras testifies to the occasion when he prevented a riot by persuading a piper to change his tune—or so the story goes. I do not ask that we impose some new system of censorship; I simply say that in an era when commercial advertisers can spend billions of pounds trying to change people's opinions—rightly so, as part of the workings of the market—we should get the existing machinery to work. That is the Bill's aim.

We owe it to the weak, the innocent and the vulnerable in our society to protect them. Making the board, which had a long and honourable history until recent years, work and clean up its act is in the public interest. I urge the House to support this measure.

3.39 pm

Mr. Norman A. Godman (Greenock and Inverclyde): I object in principle to the Bill, but I promise to be brief. I have a great deal of respect for the hon. Member for Canterbury (Mr. Brazier) and I support his aim to protect vulnerable people in our society, but I object in principle to the Bill because, in my view, its covert aim is to impose a form of state or political censorship on British filmgoers.

Although I have every respect for the Secretary of State for the Home Department, my right hon. Friend the Member for Blackburn (Mr. Straw) and for the Secretary of State for Scotland, my right hon. Friend the Member for Glasgow, Anniesland (Mr. Dewar), I do not want to see them as film censors. I reckon that my right hon. Friend the Home Secretary—I hope that he will forgive me for this—confines his film viewing to old Hollywood musicals. I sometimes think that he sees himself in his dreams as playing the role of Gene Kelly in a British remake of "Singin' in the Rain". Heaven alone knows when my right hon. Friend the Secretary of State for Scotland last visited his local cinema—I am not sure that he even saw "Braveheart".

The British film board works well. Its members, under the stewardship of Lord Harewood, are not devotees of pornography or violent films. Perhaps unlike the hon. Member for Canterbury, I have not seen the film "Crash" and I have no desire to see it. *[Interruption.]* I understood from the way that the hon. Gentleman was speaking that he had seen the film.

The members of the British film board make the occasional mistake, but those are honest mistakes. I have more trust in the members of the board than I do in politicians.

My trust in the board is shared by members of my local council, the Inverclyde council. When a cinema was built on the Greenock waterfront, the members of the council, including the opposition members, decided that they had no wish to act as local censors as a condition for the granting of a licence to the cinema proprietor. They say that they are perfectly willing to rely on the British Board of Film Classification for advice on such matters. Among those local representatives are members of the Church of Scotland and the Roman Catholic Church. They are regular churchgoers, but—unlike the hon. Gentleman—they have trust in the men and women of the British film board.

I have always supported the statutory powers given to the board to license videos. That is particularly important where children are concerned. Indeed, I supported Gareth Wardell's Bill in the House as far back as 1984. Gareth earned our trust and respect for his Video Recordings Bill, which became the Video Recordings Act 1984. That Bill was strengthened by sections of the Criminal Justice and Public Order Act 1994, which I supported.

On films, we should put our trust in the members—

Mr. Brazier *rose—*

Mr. Godman: The hon. Gentleman must learn the procedures of the House. I cannot give way to him.

We should put our trust in the members and officials of the British Board of Film Classification, not in politicians.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mr. Julian Brazier, Sir Teddy Taylor, Mr. Andrew Rowe, Mr. Edward Leigh, Miss Ann Widdecombe, Mr. Roger Gale, Mr. Andrew Robathan, Mr. Piers Merchant, Dr. Julian Lewis, Mr. Shaun Woodward, Mr. Oliver Letwin and Mr. Christopher Fraser.

FILM CLASSIFICATION ACCOUNTABILITY AND OPENNESS

Mr. Julian Brazier accordingly presented a Bill to make the British Board of Film Classification accountable to Parliament; to require it to publish each year a list of its members, a register of their interests, minutes of its proceedings and copies of the expert advice it commissions; to give the Secretary of State power to dismiss its president; and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 41].

Orders of the Day

Local Government Finance (Supplementary Credit Approvals) Bill

As amended (in the Standing Committee), considered.

New clause 1

DUTY OF SECRETARY OF STATE TO HAVE REGARD TO ACCESSIBILITY STANDARDS

'In section 55 of the Local Government and Housing Act 1989 there shall be inserted after subsection (3)—

"(3A) In determining the amount of a supplementary credit approval, the Secretary of State shall have regard to the strategy of the authority to ensure full accessibility standards in new build and in conversion or renovation of existing properties.".'.—*[Mr. Sanders.]*

Brought up, and read the First time.

3.45 pm

Mr. Adrian Sanders (Torbay): I beg to move, That the clause be read a Second time.

The new clause would put some restrictions on the expenditure of moneys drawn down from the supplementary credit approvals. We believe that it presents an excellent opportunity to address the serious problem of the lack of accessible housing for disabled people. That problem has existed for many years.

According to the Royal Association for Disability and Rehabilitation, a considerable amount of local authority housing is inaccessible to disabled people. That leads not only to disabled people waiting long periods for rehousing, and living in inappropriate accommodation, but to massive expenditure on building adaptions. In 1994–95, local authorities spent nearly £85 million adapting properties for disabled people. That is a considerable amount, and much expenditure is a direct consequence of not having a building regulation that makes the necessary arrangements should existing housing stock be required by people with disabilities.

Two years ago, the Department of the Environment issued proposals to extend part M of the building regulations, which ensures accessibility to all new housing. The Department has not moved on from that initial set of proposals. Unless part M is extended quickly, it will have no effect on the supplementary credit approvals and an opportunity will be lost.

New clause 1 would ensure that new build and renovated properties are accessible to disabled people. We hope that our new clause will be supported on all sides of the House so that people with disabilities will no longer have to wait for housing adaptions, and disabled people on housing waiting lists will be able to move into accommodation that is appropriate to their needs.

The Minister for London and Construction (Mr. Nick Raynsford): As the hon. Member for Torbay (Mr. Sanders) has said, new clause 1 would place a new duty on the Secretary of State to take account of each local authority's strategy to ensure full accessibility standards in determining the amount of any supplementary credit approval. Although he may not be aware of it, the hon. Gentleman's new clause would apply to the determination of all supplementary credit approvals and not just to those issued under the capital receipts initiative. Therefore, the new clause may go rather further than the hon. Gentleman intends.

I do not think that, in his heart of hearts, the hon. Gentleman sees the purpose of requiring that accessibility standards be considered when distributing supplementary credit approvals for composting, flood defences or for cycle lanes. However, that would be the effect of the new clause. While we cannot possibly accept the new clause because it would create a nonsensical position, the hon. Gentleman has nevertheless raised an issue which the Government take very seriously. The hon. Gentleman knows that because, when he raised the issue on Second Reading, I assured him that the Government were considering seriously part M of the building regulations and its extension to residential dwellings.

Under the previous Government, the Department issued a consultation paper on the subject. We have given careful thought to the many responses that we have received and I have been actively involved in bringing together the House Builders Federation and the Joseph Rowntree Foundation, which take slightly different views on how progress should be made. We are trying to find a sensible accord that will allow real progress without imposing unreasonable additional costs that might have an adverse effect on individual house buyers and the market. We are taking urgent action on the issue, which we take very seriously.

In the meantime, measures are in place to ensure that all new developments of special needs housing, and housing for the elderly and frail, are covered by Housing Corporation scheme standards, which specifically require that the housing design must provide for the access needs of older people and must meet a range of accessibility standards. Housing specifically for wheelchair users has to meet further guidelines agreed between the corporation and the National Wheelchair Housing Association Group. Any passenger lifts in new social housing must be able to accommodate wheelchairs.

Sir Paul Beresford (Mole Valley): Funnily enough, in a way I support the Minister's argument that the new clause would increase bureaucracy and work for the Department and local authorities. I am particularly conscious of that, because the Bill will already double their work load. Does the Minister agree that the Bill introduces a twin-track approach, bringing in a separate parallel procedure similar to those already existing for local authorities and the Department?

Mr. Raynsford: The hon. Gentleman is wrong on both counts. As I hope he knows, the Bill has been warmly welcomed by local authorities throughout the country. They see it as a means of increasing investment in housing, which has been scandalously neglected for the past 18 years.

My point was not about bureaucracy, but about the need to ensure effective measures to extend accessibility standards in new housing and in the conversion of older housing without imposing unreasonable costs that would hit the consumer and possibly harm the housing market. That is a sensible concern. We are working in everybody's interests to improve accessibility for people with disabilities in a practical way.

I was assuring the hon. Member for Torbay that there were safeguards on all new housing association developments. Similar standards apply to new housing developments by housing associations supported by local authority social housing grant. Any housing associations developments with funding from supplementary credit approvals under the capital receipts initiative will have to meet those standards. The standards of accessibility that the hon. Gentleman is seeking in new investment undertaken as a result of the initiative will be guaranteed.

In the light of my explanation of why the problem cannot be dealt with in the way that the hon. Gentleman suggests and my assurances that the Government already have that important matter under active consideration, I hope that he will agree not to press the new clause.

Mr. Sanders: I thank the Minister for that comprehensive explanation, but the purpose of the new clause is not just to focus on developments that are specifically designed for people with disabilities, but to ensure that a person who acquires a disability in later life can remain in the home that they had lived in until they acquired that disability. For example, stairways should be designed with possible later adaptation to add a mechanical stairlift in mind. That would ensure that people with disabilities could remain in the community and would not be ghettoised in housing for the disabled. We look to the Government to bring in such standards, because they have been lacking until now.

Whether or not the Bill goes that far, cycleways should be accessible to people with disabilities. If it does, all well and good, but, although we take on board the Minister's comments—and I thank him for his reply—we wish to push the new clause to a vote. It is an important marker which demonstrates our slightly different approach. We do not want people with disabilities to be ghettoised; everyone should have the possibility of their housing being adapted if that is required at a later date.

Let me give a wonderful example from my constituency. Some houses had supposedly been designed for elderly people, but no provision to that effect had been made in the building regulations. The kitchen cupboards were too high for elderly people to reach, as elderly people are not quite as tall as younger people; we lose a few inches as we get older. The food cupboard was in front of a water heating pipe, so it was useless for the storage of food. Such incidences require local authorities to spend money on adjustments that would not be required if standards had been laid down before construction.

Question put, That the clause be read a Second time:—

The House divided: Ayes 38, Noes 303.

Division No. 48] **[3.55 pm**

AYES

Ashdown, Rt Hon Paddy
Baker, Norman
Ballard, Mrs Jackie
Beggs, Roy *(E Antrim)*
Beith, Rt Hon A J
Brake, Thomas
Brand, Dr Peter
Breed, Colin
Bruce, Malcolm *(Gordon)*
Burnett, John
Campbell, Menzies *(NE Fife)*
Chidgey, David
Cotter, Brian
Davey, Edward *(Kingston)*
Fearn, Ronnie
Foster, Don *(Bath)*
George, Andrew *(St Ives)*
Gorrie, Donald
Hancock, Mike
Harris, Dr Evan
Hughes, Simon *(Southwark N)*
Keetch, Paul
Kennedy, Charles *(Ross Skye)*
Kirkwood, Archy
Livsey, Richard
Llwyd, Elfyn
Maclennan, Robert
Moore, Michael
Oaten, Mark
Öpik, Lembit
Rendel, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Smith, Sir Robert *(W Ab'd'ns)*
Stunell, Andrew
Taylor, Matthew *(Truro)*
Webb, Professor Steve
Wigley, Dafydd

Tellers for the Ayes:
Mr. Paul Tyler and
Mr. Paul Burstow.

NOES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bell, Stuart *(Middlesbrough)*
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, Paul
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brinton, Mrs Helen
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, Stephen
Caborn, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell-Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chisholm, Malcolm
Clapham, Michael
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis-Thomas, Mrs Claire
Darling, Rt Hon Alistair
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dewar, Rt Hon Donald
Dismore, Andrew
Donohoe, Brian H
Dowd, Jim
Drew, David
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael John *(Worcester)*
Fyfe, Maria
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Grant, Bernie
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Hoey, Kate
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey

Hope, Phil
Hopkins, Kelvin
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Barry *(Alyn & Deeside)*
Jones, Ms Fiona *(Newark)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green)*
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Ms Rosemary
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Michael, Alun
Michie, Bill *(Sheff'ld Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Moran, Ms Margaret
Morgan, Ms Julie *(Cardiff N)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pound, Stephen
Powell, Sir Raymond
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Quinn, Lawrie *(Scarborough)*
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Roy, Frank
Ruane, Chris
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes:
Mr. Graham Allen and
Mr. Greg Pope.

Question accordingly negatived.

New clause 2

LOCAL AUTHORITY DEBT REDUCTION STRATEGIES

'After section 55(3) of the Local Government and Housing Act 1989 there shall be inserted—

"(3A) Supplementary credit approvals shall only be allocated to authorities which have published and submitted to the Secretary of State a five-year strategy for debt reduction.".'.—*[Mr. Chope.]*

Brought up, and read the First time.

Mr. Christopher Chope (Christchurch): I beg to move, That the clause be read a Second time.

The new clause is designed to be helpful to the Government, because its purpose is to ensure that local authorities have the chance to participate in the Chancellor's five-year deficit reduction strategy. In essence, the new clause would require local authorities seeking supplementary credit approvals to submit a five-year debt reduction plan to the Secretary of State.

Debt is a massive problem for local authorities. The "Financial Statement and Budget Report" produced by the Government shows in table 4A.3 on page 115 that local authority interest payments amount to £4.4 billion a year. That compares with some £6.7 billion of gross capital expenditure before depreciation. In other words, interest payments are almost as great as the capital expenditure or investment each year. We have tabled the new clause to try to get local authorities to concentrate their minds on the need to reduce that debt burden.

The latest figures which I have for the total of local authority debt, which were published in the *Bank of England Quarterly Bulletin* for November last year, show that at the end of March 1996 it was some £49,563 million, or £49.5 billion. That is a very high figure indeed.

Table 1.1 on page 12 of the Red Book shows the projected change to the public sector borrowing requirement forecast for this year as a result of the latest Budget compared with the November 1996 Budget. It puts the issues in context, because it shows the extent to which the Government have been generous by giving £200 million extra under the local authority capital receipts initiative. The table shows that there is, indeed, a £200 million increase in the PSBR forecast as a result of that initiative, but, as a result of everything else, it is reduced by £8.3 billion.

At a time when the total PSBR is falling by £8 billion because of the previous Government's prudent budgeting, the Government find only £200 million extra for local

authority capital expenditure under the local authority capital receipts initiative. I suspect that, having looked at the figures more closely, housing authorities and people concerned about local authority housing will express disillusion and dismay at the fact that they have been misled by the Labour party into thinking that there would be a substantial input of extra money, whereas it is £200 million this year, which is paltry in the context of the PSBR forecast.

Ms Louise Ellman (Liverpool, Riverside): Would the hon. Gentleman like to comment on the fact that local authorities and the people of this country regarded as paltry and derisory the action taken by the Conservative Government to prevent house building, which led to a period of social crisis? Against that background, he should welcome every attempt to invest in our housing stock to provide homes and employment.

Mr. Chope: The hon. Lady will be extremely disappointed when she looks at the figures. Each year, local authorities receive about £1 billion of capital receipts as a result of sales, so for the current financial year and next year, there will be another £2 billion of capital receipts. When the Labour party made its commitment before the general election to allow more of those receipts to cascade down and produce a housing revival, people thought that that money and some of the previous capital receipts that had been set aside would be made available, and that from the onset of a new Labour Government all capital receipts obtained by local authorities would also be made available.

Existing capital receipts will be released at the rate of £200 million this year and £700 million next year, whereas we were told that £5 billion would be released over five years. The effect of taking this year and next year together is that about £900 million will be released under the so-called capital receipts initiative, but £2 billion will be added to local authority capital receipts as a result of the normal process. A comparison of the position in two years' time with the position as of April this year shows that local authorities will have more capital receipts that they cannot spend after two years of Labour government than they had at the end of 18 years of Conservative government.

Sir Paul Beresford: I am in slight disagreement with my hon. Friend. The Bill deals with supplementary credit approvals and, in fact, no capital receipts are released, although reference is made to that. We will have the basic credit approvals allocated under the housing investment programmes on one system, and a parallel system—with extra bureaucracy—for supplementary credit approvals merely as a flag-waving exercise for the Labour party's manifesto pledge.

Mr. Chope: My hon. Friend is right to challenge me for having fallen for the Government's propaganda. The Bill deals not with the release of capital receipts but with the application of supplementary credit approvals as a cover for a promise made during the election campaign which Labour has been unable to deliver in practice.

4.15 pm

Dr. Brian Iddon (Bolton, South–East): Is the hon. Gentleman aware that, after 1979, the previous Government put so many people out of work in the construction industry that restarting that industry will have to be done in a phased way, as my right hon. Friend the Chancellor proposes?

Mr. Chope: I am almost speechless. The Government will have to come to terms with this—the construction industry is either booming or in the depths of a recession. The Chancellor has said that he will release capital receipts, taking account of the needs and capacity of the construction industry. I presume that the fact that the Chancellor only felt fit to release £200 million under the supplementary credit approvals programme shows that he thinks that he has inherited a construction industry from the previous Administration that is extremely healthy and is in danger of overheating. We have read of many fears that there is a danger of overheating in the construction industry. I find the hon. Gentleman's intervention amazing.

I hope that the Government will accept the new clause—which is in line with their deficit reduction strategy—as recognition of the fact that there is a real debt problem for local authorities. The sooner authorities recognise that, if they reduce debt, they will be able to spend more on providing services and investment, the better.

Mr. Andrew Lansley (South Cambridgeshire): On Second Reading, a number of questions were raised, and I was fortunate to be called to raise some. The context in which the Bill would emerge was not clear at that time, as we did not know the character of the Budget or the provision that would be made by the Chancellor. It is timely that my right hon. and hon. Friends have tabled the new clause, since it would have been difficult to structure such a clause at an earlier stage. I agree very much with my hon. Friend the Member for Christchurch (Mr. Chope) that the intention behind the new clause is to assist the Government.

Reference was made in Committee by my hon. Friend the Member for Christchurch to the Labour manifesto, which stated that capital receipts would be

"phased to match the capacity of the building industry"—

to which my hon. Friend and others have referred—

"and to meet the requirements of sound economic management."—[*Official Report, Standing Committee A*, 24 June 1997; c. 9.]

Treasury Ministers estimate that the capacity utilisation of the building industry is above the long-run average at present.

The new clause relates more to the question of sound economic management, and the addition of the new clause to the Bill would assist in that process. The Government have produced a Budget, the intention of which is to secure the reduction of borrowing in the public sector; however, the Bill will increase borrowing in the public sector. The two cannot be right. In present circumstances, we should not enact a measure that would negate the reductions in public borrowing. We ought to set the Bill in that context.

I support the new clause because I represent two authorities in my constituency. One is debt-free, while the other has substantial debts. It is clear from the way in which the consultation paper issued by the Ministers is structured that they contemplate the possibility of debt-free authorities, although having been allocated supplementary credit approvals, choosing not to take them up. Paragraph 24 of that paper states:

"Arrangements would be made to redistribute any SCAs made available either from debt-free authorities or from authorities which had not produced adequate spending plans."

[Mr. Andrew Lansley]

In the case of debt-free authorities, I can well understand members of South Cambridgeshire district council choosing not to take up the supplementary credit approvals. Taking them up would remove their debt-free status and lead them to incur costs through borrowing. The absence of such costs and the income that the authority receives from the set-aside receipts which it has accumulated enable it to be an authority that does not levy a council tax.

Authorities that have been prudent and are meeting service needs but are not levying a substantial council tax may be allocated supplementary credit approvals but may choose not to take them up. If those SCAs are reallocated, it should be only to authorities that continue down the path of increased prudence in their financial management. Prudent authorities should not be benefiting profligate authorities that might increase borrowing.

We now understand the consequences of the Bill, which were not clear on Second Reading. At that time, it was not clear who would pay for the cost. There is no cost-free option. The capital receipts do not sit around in a cash fund. Even in South Cambridgeshire district, the council's provision for credit liabilities set aside is not backed by cash. The cash generated has been used to pay off borrowing. Who pays?

On Second Reading, various possibilities emerged—one idea was that it would be paid for through council rents and another was that it would be paid for through the council tax. The implication of the consultation paper is that the general taxpayer will pay, and we see that in the Budget. The increase in public sector borrowing requirement of £200 million and £700 million to which my hon. Friend the Member for Christchurch referred has had to be offset in the Budget by tax-raising measures.

The direct result is that other taxpayers will be funding the increase in borrowing for this purpose. It is all the more important that those taxpayers should ensure that they are not building up a further and growing liability through borrowing that will magnify in time and add to the overall tax burden. It is bad enough that the Budget should have added 1 per cent. to the tax burden this year and another 0.5 per cent. next, without adding to the burden beyond that.

For those reasons, it is important that we add the new clause to the Bill and give ourselves the opportunity to move public sector borrowing in the same direction in both local and central Government. Therefore, I support the new clause.

Mr. James Clappison (Hertsmere): It is a pleasure to follow the analysis given by my hon. Friend the Member for South Cambridgeshire (Mr. Lansley).

My hon. Friend the Member for Christchurch (Mr. Chope) argued cogently in support of the new clause. It is important to return to the subject of debt and the servicing of debt, because the issue of debt is an important starting point in the history of capital receipts and the Bill. When in opposition, Labour Members and, certainly, present Ministers widely believed that the capital receipts—the proceeds of house sales and other assets—were locked away, being wasted, and were not put to any good purpose.

We were told—the Minister nods his head now, but I remind him of what he said in opposition. Last year, he said that a Labour Government would release capital receipts and added:

"We will do it because it makes sense to use the resources that are currently wasted to get people back to work, to build homes".—[*Official Report, Third Standing Committee on Delegated Legislation*, 17 December 1996; c. 10.]

The hon. Gentleman also talked about "foolish" Government restrictions. I hope that he realises the folly of his words, because those resources, as he well knows, have never been wasted but have been used by local authorities, as my hon. Friend the Member for South Cambridgeshire rightly said, to make provision for credit liability, to support the expenditure of local authorities and to service local authority debt.

It is one of the fictions perpetrated by the Labour party that receipts have not been put to any good use. As the Minister knows now, if he did not when he uttered those words, debt-free local authorities have always been able to spend their entire capital receipts as they see fit. That is contained in his consultation paper. He has come to that knowledge. Local authorities with debts are required to set aside capital receipts on account of them: 75 per cent. for the proceeds of the sale of houses, and 50 per cent. for the sale of other assets.

We must return to the important issue of how to make provision for local authority debt. It is interesting that the Treasury's financial statement was mentioned, because another fiction perpetrated by the Labour party was that the release of council house receipts would have no effect on public expenditure. I remember having that argument several times with Labour spokesmen in opposition. They would not have it that such a release amounted to public expenditure. As we told them, every penny spent from the capital receipts amounts to additional public expenditure, because provision must be made for the way in which capital receipts are used.

It is interesting that the Labour party now admits, in the "Financial Statement and Budget Report" to which my hon. Friend the Member for Christchurch properly referred, that every penny of the capital receipts initiative, as it is called, amounts to extra public expenditure. That fact appears in the financial statement set out by the Chancellor as part of general Government expenditure, outside the control total, for that is what matters for these purposes.

The Minister nods his head at that, but one of the classic fudges perpetrated by the Labour party was that, if public expenditure was outside the control total, it somehow did not count. He should know that the control total is for the internal purpose of controlling the expenditure of Departments. Expenditure outside the control total is still part of general Government expenditure which has to be paid for. It is also made clear in the financial statement that it counts towards the public sector borrowing requirement. In at least two places in the financial statement, it may be seen that that expenditure is counted as part of general Government expenditure and as counting toward the PSBR.

I referred to the alleged capital receipts initiative because my hon. Friend the Member for Mole Valley (Sir P. Beresford) made an important point, which was properly accepted by my hon. Friend the Member for Christchurch. It is nonsense to talk about this money coming from capital receipts; it does not. There is not one penny piece of capital receipts in any of this expenditure.

It is all additional government expenditure by way of supplementary credit approval. The only way in which capital receipts come into the picture is as part of the formulae for the distribution of that spending.

I draw the attention of the hon. Member for Liverpool, Riverside (Ms Ellman) to the somewhat bizarre formulae in the Government's consultation document. Three formulae are set out by the Government as ways in which the money could be distributed. The Government have chosen a way that will penalise authorities such as hers.

Ms Ellman: Will the hon. Gentleman give way?

Mr. Clappison: I shall let the hon. Lady respond in a minute, if she wishes. I advise her to examine the consultation document formulae. In 1997–98, Liverpool will lose about £600,000 on the Government's chosen formula and will lose more than £3 million in the following year. I shall give way, but I think that she must take issue with her Front-Bench colleagues.

Ms Ellman: I am extremely surprised to hear those comments from the hon. Gentleman. The Bill states clearly that the needs as well as the resources of areas such as Liverpool will be considered. That is a major plank of the Bill. I remind the hon. Gentleman and his honourable colleagues that they are opposing the Bill in its entirety; therefore, it is hypocritical of them to pretend that there are deficiencies in the Bill when they are opposed to the principle of more building to meet social need and provide employment.

Mr. Clappison: I accept the hon. Lady's point. She wants more spending. That is a theme that we shall no doubt hear from Labour Members on several occasions during this Parliament. The point that the hon. Lady needs to take up with her Front-Bench team—not with me, because I can see the force of the argument for the Liverpools of this world—is that her party in government has decided to spend this money and then chosen a formula for doing so that will penalise authorities such as Liverpool, the inner-London authorities and 33 of the 36 metropolitan district authorities, rather than authorities such as mine—Hertsmere—and Surrey Heath and Malvern Hills, all of which benefit from the formula chosen by the Labour party.

4.30 pm

Mr. Eric Pickles (Brentwood and Ongar): My hon. Friend has great knowledge of these matters. Will he confirm that the previous Government's formula took need into consideration, especially in Liverpool, Riverside, and that the new formula dilutes consideration of need by taking into account capital receipts? The good people of Liverpool are materially worse off under the new formula than under the previous formula.

Mr. Clappison: My hon. Friend makes an excellent point. We went to great lengths to produce a fair formula based on need. If the Government had chosen such a formula, they might have produced a different result. The alternative formula is in the Government's consultation paper. I invite the hon. Lady to look at it and do the arithmetic. She will see that her authority and many of those represented by her colleagues will lose out under the proposed formula for spending the money that has been chosen by her Ministers.

Ms Ellman: I am surprised that the hon. Gentleman persists in his deliberate misunderstanding of what is happening and what happened under the previous Government. Neither Liverpool's overall needs nor its housing needs were met by the previous Government. That is why there is now a major crisis in Liverpool in local authority housing and the housing stock needs to be improved. I suggest that the hon. Gentleman repent a little of the misdeeds of his Government and join us in trying to put right an injustice that has persisted for too long.

Mr. Clappison: The hon. Lady would know if she had served on Committees with me—as the Under-Secretary, the hon. Member for Greenwich and Woolwich (Mr. Raynsford), has—that I am the first to admit a mistake and repent. I put a proposition to the hon. Lady and to the Minister that the Minister may deny. Under the formula that has been chosen by the Government of two thirds need and one third cumulative capital receipts, Liverpool receives less than it would have received under the alternative formula of 100 per cent. need set out in the consultation document. The same applies to many other authorities, in inner-city areas, metropolitan districts, and so on.

Sir Paul Beresford: While my hon. Friend is in a repenting mood, will he repent a little of the formula and agree with me that it will in some aspects benefit those local authorities that have successfully pushed and promoted the right to buy and vacant sales?

Mr. Clappison: My hon. Friend makes another important point, with which I am sure that the Minister will want to deal in his reply.

Before I stray too far from the subject of debt, I emphasise that new clause 2 is important because local authorities have massive debts. We have to think as much about the repayment and servicing of those debts as we think about new spending, which the Government have undertaken in this new spending commitment. My hon. Friend the Member for Christchurch mentioned the huge proportions of total local authority debt—more than £49 billion. Within that overall total, some authorities have particularly severe problems of indebtedness.

According to figures that the Library has supplied to me based on debt per resident, some of the worst cases of debt are in authorities such as Islington, which has almost £5,000 of debt per head. Many other local authorities of a similar nature have debts running into thousands and thousands of pounds. It is important that, when we look at debt reduction overall, we also look at local authority debt reduction. As my hon. Friend the Member for Christchurch so rightly pointed out, those liabilities are going to persist long into the future for the unfortunate residents of those local authority areas. The figures are huge, and it is right that we should think about that problem.

Ms Margaret Moran (Luton, South): Will my right hon. Friend give way?

Mr. Clappison: I am neither a Privy Councillor nor an hon. Friend, but I will give way.

Ms Moran: I apologise for elevating the hon. Gentleman well above his station, but I want to draw his attention to certain facts. He speaks eloquently on the level of local authority debt, but he should perhaps be reminded that, during the period from 1990 to 1996, his Government

[Ms Moran]

allowed public sector debt to double from the equivalent of £2,200 per head to £5,600 per head; yet, in the same period, local authority debt fell from the equivalent of £899 per head to £843.

That completely contradicts the point that the hon. Gentleman is trying to illustrate and it demonstrates economic incompetence of the highest degree on the part of the previous Government, given that they also allowed house building to be cut by one third during the same period. Economic incompetence—housing incompetence.

Mr. Clappison: I might be straying from the subject of the debate, but I invite the hon. Lady to pay attention to what is said in Labour's financial statement about the repayment of the public sector borrowing requirement. On the existing figures before the Budget, we were well on course to return to repaying public sector debt by 2000. Those were the figures given by her own right hon. Friend the Chancellor.

As for debt, the overall lesson for Ministers is that, contrary to what they believed when they were in opposition, there is no such thing as a free lunch. Now they are in government, that has been confirmed—there is no such thing as a free lunch, not even if it has the blessing of the Minister without Portfolio.

Mr. Oliver Letwin (West Dorset): Before I turn to the main subject that I wish to address, I cannot refrain from mentioning that it is evident to the majority of people in this country, if not to Labour Members, that the person or persons who were mainly responsible for not attending to the needs of Liverpool under the last Administration were Mr. Hatton and his colleagues.

Sir Paul Beresford: And those who followed.

Mr. Letwin: Indeed.

The importance of the new clause lies in the fact that the Government's response will constitute an important test of their true motive in drafting the Bill in the first place. As our discussion of the Bill has revealed, the Bill's main purpose is, in the first instance, to release spending. Spending is being released in a way that enables the Government to claim that they can provide local authorities with the ability to spend money that otherwise the spending limits would not have allowed. If that were the sole purpose of the Bill, it would be a disreputable attempt by one Department of State to undermine the very effects that the Government as a whole and the Treasury are seeking to achieve globally.

We have, however, been told by Labour Members and Ministers that the purpose of the Bill goes beyond that and that it is not designed merely to allow local authorities to spend rather more in the current year and the next. They say that the intention is to permit a progressive and phased—I believe that was the word used by the hon. Member for Bolton, South-East (Dr. Iddon)—increase in the amount that can be spent on the construction industry's activities, so as to permit a sustainable, long-term development of the housing programme in this country. That is a laudable aim and I have no doubt that it is shared by all hon. Members on both sides of the House.

As I said, the new clause and the Government's response to it is a good test of the proposition that that is indeed the Government's true motivation. There can be no doubt that the Bill permits, not only spending, but a considerable increase—in fact, pound for pound—in the amount of net borrowing in which local authorities will be engaged. Ministers have entirely admitted that proposition.

If that is the case, the cumulative effect on the public sector borrowing requirement and on the stock of public debt in the coming years will be very noticeable. There will come a time, towards the end of this Parliament, when the Treasury, if not the Department of the Environment, will have to call a halt to that increase in PSBR and in the public debt. We are reminded, are we not, of the phrase, too happy to be quoted, of a late lamented Labour Member, Tony Crosland, when he eventually spotted that his policies were sending the PSBR in relation to local authorities out of control?

If, in this instance, the Government genuinely intend not merely to release extra expenditure to mollify their Back Benches in this first year but to create a sustained programme of development, it must follow that the Government would wish to support moves to ensure that, over the long term, debt does not go out of control, and that the increased spending is matched by a phased debt reduction programme, as recommended in the new clause. For that reason, my hon. Friend the Member for Christchurch (Mr. Chope) has said that this is a helpful clause, which the Government should be prepared to accept if they are genuinely committed to a long-term programme.

The Minister for Local Government and Housing (Ms Hilary Armstrong): Are you saying, Mr. Deputy Speaker, that the previous Government were not interested in controlling debt?

Mr. Letwin: Mr. Deputy Speaker, I suspect it was not you who were saying that but I, but I am privileged to be associated with you, and I would that I had your eloquence or your authority in the Chamber.

Undoubtedly, the previous Government were extremely anxious to control the public sector borrowing requirement. If I may reply in one word to that intervention and to the earlier remark of the hon. Member for Luton, South (Ms Moran), there is a great difference between increasing the PSBR at a time of recession and doing so at a time of growth. The Chancellor says in his recent great work—the magnum opus with which we have all been presented some time after the Budget was given to us—that he intends us to be in a time of sustained growth.

In the theology—perhaps I should say the metaphysics—of the Chancellor and his colleagues, there is no excuse for an increase in the PSBR on a systemic basis over a period of sustained growth during this Parliament. If this is a coherent policy to achieve sustained growth in the housing market, there should be a phased debt reduction programme. If, in the light of that, the Government insist on rejecting the new clause, that will prove to the House and the country that the purpose of the Bill, as of much else that is being proposed in that domain, is merely to increase spending in the hope that no one will notice what is going on, without the slightest view of a long-term progression that we could support.

Mr. Paul Burstow (Sutton and Cheam): I shall make only a few brief comments on the new clause—no doubt

to Labour Members' relief. I want to pick up one or two remarks that Conservative Members have made about the alleged virtues of the new clause.

It is a bit rich for the Conservative party to advance the cause of debt reduction, given the overwhelming contribution that it has made in recent years to increasing the national debt. It is not that there are no lessons that Members of all other parties on both sides of the Chamber can learn from the Conservative party in that respect—simply that that might provoke some comment.

Mr. Letwin: Does the hon. Gentleman not accept the proposition that I was advancing, that there is a significant difference between an increase in the PSBR in times of recession and such an increase in times of growth?

Mr. Burstow: I am sure that, if the hon. Gentleman reads the Committee *Hansard*, he will note that I and my hon. Friend the Member for Torbay (Mr. Sanders) have been advancing on behalf of others—notably the Chartered Institute of Housing—the case for a change in the accounting regime, moving towards the use of the Government general finance deficit to deal with these issues.

I note from reading the report of the Second Reading debate that the hon. Gentleman criticised the Liberal Democrats for advancing that device. We regard that device, not as a crock of gold or a panacea, but as a means by which we can change the accounting regime and treat borrowing for investment in the creation of new assets—which is what we are talking about—differently from borrowing to fund on-going recurring expenditure, which is what the previous Government often did. We criticise the way in which privatisation receipts have been used to deflate the PSBR but not for proper funding.

Conservative Members have adopted a contradictory position. Surprisingly, they are moving back towards supporting assessing the allocation of capital receipts solely on the basis of housing need. Having watched the way in which challenge and single regeneration budget initiatives progressed under the previous Government, I find it refreshing that a short time in opposition has changed the Conservatives' minds.

We shall not support the new clause, because it adds nothing to the Bill. We do not believe that the argument about the Government's desire to increase expenditure is especially well made, because we criticise the fact that the Government are not adequately investing in housing as a consequence of the Bill, and we see no need to tie to it a specific measure to require local authorities to reduce debt. However, we do think that, obviously, local authorities need to manage their debt prudently, and that that should be a matter for local authorities, not Parliament, to dictate.

4.45 pm

Ms Armstrong: We have had an interesting little debate. When the hon. Member for Christchurch (Mr. Chope) moved the new clause, he appeared to have difficulty in keeping a straight face because, obviously, he was simply stirring the pot. He knows that the new clause is not serious, because, even were it incorporated in the Bill, it would not do what he wants it to do.

For many years, the Conservatives were responsible for local authority debt, sanctioning the amounts that local authorities could spend and borrow. They frequently castigated local authorities for having so much debt, but they never took action to tackle that problem or even saw the need to do so. As hon. Members have noted in interventions and the hon. Member for Sutton and Cheam (Mr. Burstow) has noticed, the Conservatives have been responsible for increasing debt, without using that debt to good effect—in other words, without using it to invest.

Sir Paul Beresford: Will the hon. Lady give way?

Ms Armstrong: Of course I will allow the hon. Gentleman to intervene, but I want to finish the point.

The previous Government did not use increased borrowing to invest and get the economy growing—they did the opposite. The hon. Member for South Dorset (Mr. Bruce) appeared to acknowledge that we are just emerging from 18 years of recession. I believe that most people experienced the past 18 years as two severe periods of boom and bust, which is why we have adopted a very different approach to borrowing.

My right hon. Friend the Chancellor said in his Budget statement that the Government would keep total national debt at a prudent and sensible level, but that, where the Budget does allow increased borrowing, it will be borrowing to finance investment, not day-to-day expenditure. I have said that throughout. I wondered whether hon. Members had not been present on Second Reading or had not read the report of that debate, because I have always said that we know that borrowing will increase, but that it is borrowing to finance investment, not to be frittered away on day-to-day expenditure. We want borrowing for investment, so that we may increase the capacity of the economy, and increase the capacity of the construction industry so that it may play its part in a growing economy.

Sir Paul Beresford: May I take it that the Government are putting in £200 million, and then £700 million, in SCAs; and that BCAs will continue next year at the same amount, plus inflation?

Ms Armstrong: This measure has to do with supplementary credit approvals, not basic credit approvals.

The hon. Member for Christchurch tried to suggest that local government borrowing is increasing all the time, and that local authorities must play their part in the Government's overall programme for reducing national debt—hence the idea of a five-year debt reduction strategy as suggested in the new clause. Indeed, the new clause would make the issue of any SCA subject to local authorities publishing and submitting to the Secretary of State a five-year strategy of that kind.

The new clause does not deal with basic credit approvals, or with how local government will pay for them or manage the debt. The condition would apply to any SCA, not just to SCAs issued under this initiative. I am not sure that that was the intention of the Opposition—although they may have intended to contrast SCAs issued under the capital receipts initiative for local authorities—a debt-increasing move—with the Chancellor's five-year reduction plan for the PSBR.

Sir Paul Beresford: I have not yet heard an answer to my question. In helping local authorities to control their debt, is the hon. Lady going to bring in a reduction in

[Sir Paul Beresford]

BCAs partly or completely to compensate for the SCAs? I repeat: may we assume that SCAs for next year will be the same as they were in this financial year, plus inflation?

Ms Armstrong: Opposition Members should listen more carefully. I have answered that three times today; I also answered it on Second Reading and in Committee. This is additional spending—I have already accepted that it is.

Sir Paul Beresford: So the answer is yes?

Ms Armstrong: If it is additional spending, it means that there will be no specific measures to reduce what is already committed spending by the same amount—otherwise, it would not be additional spending.

Sir Paul Beresford: So the answer is yes?

Ms Armstrong: Opposition Members are having trouble keeping a straight face, and if we go on much longer like this, the whole House will have the same trouble. We know that the Conservatives are not serious about dealing with housing need, which the Conservative Government left in a state of desperate neglect. That explains the need for this Bill.

Several hon. Members *rose—*

Ms Armstrong: I may take more interventions later; meanwhile, I suggest that Conservative Members keep listening, because that will help them to understand what I have been saying.

Conservative Members appear to believe—I deduce this from the new clause itself—that there is no prudent or sustainable strategy for reducing local authority borrowing. Yet the position in local government is fairly healthy. Local authorities' debts have remained steady in recent years; at the end of 1996, they represented only 13 per cent. of general Government debt, and 7 per cent. of GDP.

It is important to allow local authorities themselves to decide how best to manage their debt and their investments, in conformity with good Treasury management practice and the need to achieve best value for money for the local taxpayer and rate payer. By insisting on publication and submission to the Secretary of State of a debt reduction strategy, the new clause would undermine the work that local authorities are already doing, thus necessitating extra spending and more paperwork. That would be undesirable, and unnecessary for local authorities.

Mr. Pickles: If, as the hon. Lady says, local authorities already have a coherent strategy for reducing debt, what is the problem with announcing what that strategy is?

Ms Armstrong: The hon. Gentleman's problem is that he lacks patience. I am about to explain to him what local government already does, and why what he seeks would impose more bureaucratic burdens. The former Administration said that they wanted to reduce bureaucracy and increase deregulation, which is why I find the hon. Gentleman's support for the new clause somewhat bizarre.

Sir Paul Beresford: We already have the bureaucracy associated with BCAs. Now we suggest a parallel system similar to it. That will indeed double the bureaucracy, and it would not be necessary, but for the fact that the Government feel the need to genuflect in the direction of their manifesto commitment on capital receipts—even though none is being released.

Ms Armstrong: Perhaps the hon. Gentleman believes that political parties need not think about their manifestos. The Bill meets our commitment in that respect.

It is far from obvious what the obligation to prepare a five-year strategy for debt reduction would require a local authority to do. The Chartered Institute of Public Finance and Accountancy already gives guidance to local authorities, building on section 45 of the Local Government and Housing Act 1989, which requires local authorities to make a Treasury management policy statement. I note that no Conservative Minister in the past seven years, when issuing SCAs, thought it desirable to require local government to produce such a strategy. In fact, existing controls on borrowing appear to have been accepted as perfectly adequate.

Mr. George Stevenson (Stoke–on–Trent, South): Has not my hon. Friend just put her finger on the bogus nature of the new clause? The previous Government extended the use of SCAs with no such debt reduction requirement. There is surely a world of difference between extending SCAs to stimulate the housing market and meet a need, and issuing SCAs, as the Conservatives did, simply to reduce Government support to local authorities.

Ms Armstrong: Absolutely. That is why I began by pointing out that the hon. Member for Christchurch had difficulty keeping a straight face.

Local authorities already have a statutory duty to set aside a fixed proportion of their net debt each year from revenue—known as the minimum revenue provision. I see no case for further restrictive controls or further bureaucracy.

The new clause is flawed because it would act on supplementary credit approvals but not on basic credit approvals. As the hon. Member for Mole Valley (Sir P. Beresford) said, basic credit approvals authorise the bulk of new local authority borrowing each year, so much of local authority debt would not be covered by the new clause.

May I deal briefly with the point made by the hon. Member for South Cambridgeshire (Mr. Lansley), who is no longer in the Chamber, about debt-free authorities? Debt-free authorities will not be disadvantaged or penalised by this measure. They will be free to take up credit approvals if they so wish, and they may choose to use them to meet housing need, without ceasing to be debt free, by spending money that they have set aside to meet their debts. That matter is clear because we have been through it several times in Committee, and most Committee members are now clear about the position of debt-free authorities.

The new clause is undesirable and unwanted. I urge the House to reject it.

5 pm

Mr. Chope: I am disappointed with the Minister's response, because the new clause was tabled to try to help the Government. The Minister demonstrates the Government's inability to come to terms with the fact that there is more than one way to have a debt reduction strategy. She talks about phasing the payments and ensuring that local authorities pay so much capital back each year, but another debt reduction strategy is asset realisation—*[Interruption.]*

Labour Members are commenting on the fact that a number of Conservative Members have absented themselves from the Chamber. The reason is that they wish to participate in a democratic election for an important post on a Conservative Back-Bench Committee. They will be back. I am grateful for their active participation in this debate and to debates in Committee.

I remind Labour Members that when the Bill was in Committee, speeches on the Government side were made only by Ministers; none was made by Labour Back Benchers. Indeed, there were no Scottish or Welsh Committee members, despite the fact that the Bill applies to Wales. We surmise that that was because Welsh Members might have wanted to speak, and it was clear that the Government had delivered an edict ensuring that only Government Front-Bench Members could speech.

The Parliamentary Under-Secretary of State for Wales (Mr. Win Griffiths): You are struggling.

Mr. Chope: We are not struggling at all. However, local authorities are struggling with the debt burden, which will increase as a result of the Bill.

We suggest that local authorities should be encouraged in the process of asset realisation. During the debate, it has been suggested that the previous Government did nothing to help reduce local authority debt. The previous Administration did a mass to reduce local authority debt, because we enabled people to buy their own council houses, which was the largest privatisation that this country had ever known. Some £20 billion was realised as a result of that process. Without that successful policy, national debt would have increased by even more than it did during the recession.

Some Labour Members talked about the net public sector debt per person. In 1979, when the last Government took office, the Conservative Government pulled this country up from virtually the worst performer in terms of net debt to one of the best, compared with other European countries. At the last general election, the only European country with a lower debt ratio was Luxembourg.

Mr. Sanders: Was not this country's debt reduced purely because of the privatisation programme and how it related to the public sector borrowing requirement?

Mr. Chope: We knew all along that the Liberal Democrats were against the privatisation programme. We now have the spectacle that the Government have made some obiter dicta to the effect that they may be in favour of certain privatisation programmes, but even the Liberal Democrats have not yet come round to accepting the benefits that flow from privatisation, particularly in housing—the large-scale voluntary transfer of housing to housing associations, and the sale of individual council houses to tenants who wished to buy them. Those initiatives, which were the hallmark of the last Conservative Government, were opposed tooth and nail by the Liberal Democrat party.

Mr. David Watts (St. Helens, North): Will the right hon. Gentleman comment on the cost of bed and breakfast to the taxpayer during the 17 years that the Conservatives were in power?

Mr. Chope: Any money spent on bed and breakfast was too much. One of the problems was that the last Government brought in measures to deal with bogus asylum seekers who came to this country—

Mr. Deputy Speaker (Mr. Michael Lord): Order. I should be grateful if the right hon. Gentleman would now return to the new clause.

Mr. Chope: I was looking forward to the opportunity to respond to a point made in an intervention, but I accept your ruling, Mr. Deputy Speaker that it was too wide of the new clause.

The new clause is designed to deal with capital debt reduction. I hope that the House will accept the purpose behind it. The hon. Lady's response was that it would create too much bureaucracy. She said that it would be too burdensome on local authorities to produce a debt redemption strategy, yet we know that any local authority worth its salt could produce such a strategy and should already have an asset realisation strategy, if it is to deliver what its rate and charge payers deserve. *[Interruption.]* I cannot hear what the Minister is mouthing from a sedentary position. I remain disappointed at her response.

I am grateful to my hon. Friends who contributed to this debate so effectively. During the last Parliament, my hon. Friend the Member for Hertsmere (Mr. Clappison) witnessed from the Front Bench the suggestions made by the Labour party, leading people to believe that a pot of gold would be released as soon as a Labour Government came to power. My hon. Friend drew attention once again to the manner in which those people were cruelly misled.

My hon. Friend the Member for West Dorset (Mr. Letwin) made another powerful speech, and effective interventions were made by my hon. Friends the Members for Brentwood and Ongar (Mr. Pickles) and for Mole Valley (Sir P. Beresford). We think that this issue is sufficiently important to divide the House. The burden of local authority debt should be brought under control and we are frightened that, under the present Government, it will run completely out of control without such a measure.

Question put, That the clause be read a Second time:—

The House divided: Ayes 142, Noes 355.

Division No. 49] **[5.9 pm**

AYES

Ainsworth, Peter *(E Surrey)*	Bercow, John
Amess, David	Beresford, Sir Paul
Ancram, Rt Hon Michael	Blunt, Crispin
Arbuthnot, James	Body, Sir Richard
Atkinson, David *(Bour'mth E)*	Boswell, Tim
Atkinson, Peter *(Hexham)*	Bottomley, Peter *(Worthing W)*
Baldry, Tony	Bottomley, Rt Hon Mrs Virginia
Beggs, Roy *(E Antrim)*	Brady, Graham

Brazier, Julian
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Burns, Simon
Butterfill, John
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clark, Rt Hon Alan *(Kensington)*
Clark, Dr Michael *(Rayleigh)*
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton–Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Curry, Rt Hon David
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Evans, Nigel
Faber, David
Fabricant, Michael
Fallon, Michael
Flight, Howard
Forth, Rt Hon Eric
Fowler, Rt Hon Sir Norman
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
Garnier, Edward
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hawkins, Nick
Hayes, John
Heald, Oliver
Heathcoat–Amory, Rt Hon David
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lilley, Rt Hon Peter
Lloyd, Rt Hon Sir Peter *(Fareham)*
Loughton, Tim
Luff, Peter
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Mates, Michael
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Moss, Malcolm
Nicholls, Patrick
Norman, Archie
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid–Norfolk)*
Soames, Nicholas
Spelman, Mrs Caroline
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Sir Teddy
Temple–Morris, Peter
Townend, John
Tredinnick, David
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Wells, Bowen
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Wilkinson, John
Willetts, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Ayes:
Mr. Richard Ottaway and Mr. James Cran.

NOES

Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Robert *(Cov'try NE)*
Allan, Richard *(Shef'ld Hallam)*
Allen, Graham *(Nottingham N)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashdown, Rt Hon Paddy
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Baker, Norman
Ballard, Mrs Jackie
Barnes, Harry
Barron, Kevin
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Beith, Rt Hon A J
Bell, Stuart *(Middlesbrough)*
Bennett, Andrew F
Bermingham, Gerald
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, Paul
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Thomas
Brand, Dr Peter
Breed, Colin
Brinton, Mrs Helen
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Bruce, Malcolm *(Gordon)*
Burden, Richard
Burgon, Colin
Burstow, Paul
Butler, Christine
Byers, Stephen
Cable, Dr Vincent
Caborn, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Campbell–Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chidgey, David
Chisholm, Malcolm
Clapham, Michael
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis–Thomas, Mrs Claire
Dafis, Cynog
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Davies, Rt Hon Ron *(Caerphilly)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dewar, Rt Hon Donald
Dismore, Andrew
Donohoe, Brian H
Doran, Frank
Dowd, Jim
Drew, David
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fearn, Ronnie
Field, Rt Hon Frank
Fisher, Mark
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Don *(Bath)*
Foster, Michael John *(Worcester)*
Fyfe, Maria
Galbraith, Sam
Galloway, George
George, Andrew *(St Ives)*
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Gorrie, Donald
Grant, Bernie
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harvey, Nick
Heal, Mrs Sylvia
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Hoey, Kate
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan

Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Barry *(Alyn & Deeside)*
Jones, Ms Fiona *(Newark)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, Charles *(Ross Skye)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kirkwood, Archy
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
Macdonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Ms Rosemary
Maclennan, Robert
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Michael, Alun
Michie, Bill *(Sheff'ld Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Moore, Michael
Moran, Ms Margaret
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Opik, Lembit
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Quinn, Lawrie *(Scarborough)*
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Rendel, David
Roche, Mrs Barbara
Rogers, Allan
Rooker, Jeff
Rooney, Terry
Roy, Frank
Ruane, Chris
Russell, Bob *(Colchester)*
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Sir Robert *(W Ab'd'ns)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul
Vaz, Keith
Wallace, James
Walley, Ms Joan
Watts, David
Webb, Professor Steve
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes:
Mr. Clive Betts and
Mr. David Jamieson.

Question accordingly negatived.

New clause 4

LOCAL AUTHORITY INVESTMENTS IN ENERGY EFFICIENCY MEASURES

'After section 55(3) of the Local Government and Housing Act 1989 there shall be inserted—

"(3A) In determining the amount of a supplementary credit approval the Secretary of State shall have regard to the strategy of the authority to implement a programme of investment in energy efficiency measures.".'.— *[Mr. Yeo.]*

Brought up, and read the First time.

Mr. Tim Yeo (South Suffolk): I beg to move, That the clause be read a Second time.

I shall follow the precedent established by my hon. Friend the Member for Christchurch (Mr. Chope) in moving new clause 2 and show the House that I wish to be helpful. I believe that the inclusion of a reference to energy efficiency in the Bill will strengthen it greatly.

Energy efficiency is widely, perhaps universally, recognised as a desirable goal. It is one of the few areas where environmental and economic aims coincide. Greater attention to energy efficiency improves the environment, saves money and can, under certain circumstances, create jobs—at least on a temporary basis. Partly because of the lack of controversy surrounding the subject, the issue has become rather unglamorous. It does not attract as much political attention as is justified.

Against that background, I am surprised that the Government did not include something like this new clause in the original draft of the Bill. Their failure to do so is part of a consistent and regrettable pattern. As with so many other environmental goals, the Government claim to support energy efficiency. Labour Members have referred to the subject many times in speeches and have used fine phrases at home and sometimes abroad. However, there has not been much action—and there was no action at all in the Budget last week. A Treasury press release promised

"to examine options to help people on low incomes to insulate their homes and save energy."

A promise to examine options does not add up to much—particularly when it is set alongside other Budget measures, which include a powerful incentive to increase energy

[Mr. Tim Yeo]

consumption in the form of a cut in value added tax on domestic fuel prices. On 4 December 1996, the then Labour spokesman on environmental issues, the hon. Member for Lewisham, Deptford (Ms Ruddock), said:

"each year we will publish a 'green book' alongside the Chancellor's Red Book, setting out the environmental implications of Government policy."—[*Official Report*, 4 December 1996; Vol. 286, c. 991.]

No such green book appeared, because Ministers knew that it would expose the Government's gross failure to honour any of their environmental obligations. They knew also that it would expose the fact that the net impact of the Budget measures might well be to increase carbon dioxide emissions.

Such an impact is in unhappy and stark contrast to the fine phrases used by the Prime Minister when he addressed the Earth summit in New York a couple of weeks ago. Perhaps the hon. Lady's commitment was the reason why she was not appointed as Minister of State, Department of the Environment. Perhaps she was shuffled off to the sidelines as a warning to other Labour Members not to make commitments of that sort.

When the Minister for London and Construction replies to the debate, will he make it clear that the Government intend to make amends by publishing the "green book" that the hon. Member for Deptford promised last December? If he does not, should the House take it as a sign that new Labour, like old Labour, does not give a stuff about the environment—that this is just another pre-election promise that can now be junked, like the promises on pensions, the national health service and on tax? Every one of those promises is now worthless. They were given merely to win votes and are now forgotten.

We are left with the Chancellor's promise that the Treasury will report to Parliament in October about the effect of a reduced rate of VAT on energy efficiency materials. However, we do not need to wait until October to know that cutting VAT on energy efficiency materials will encourage investment in energy efficiency. In that context, I draw much encouragement from the comments of the Minister for the Environment—I am sorry to see that he is not in his place for a debate that touches directly on his responsibilities. The right hon. Gentleman succeeded the hon. Member for Deptford, and is now the Minister with responsibility for environmental matters.

As recently as last week—unfortunately for the right hon. Gentleman, it was the day before the Budget—he answered a parliamentary question about the need to levy VAT on energy-saving materials at the same rate as VAT on fuel prices. The right hon. Gentleman said:

"I am certainly on record as supporting that argument. Such a policy is desirable".—[*Official Report*, 1 July 1997; Vol. 297, c. 90.]

When the Minister replies to the debate, will he confirm that he shares the view expressed by his ministerial colleague? Will he confirm that he and his right hon. Friend will resign from the Government in October if the Treasury report does not support their view or will he merely confirm that his views on this issue, as on all other issues, are of no consequence whatever to the Treasury? *[Interruption.]* That seems to cause great mirth on the Government Front Bench. Will the Minister confirm that, in this Government, the Chancellor and the Treasury are all-powerful, and that the Treasury does not care about either his views or the environment?

Last week, the Deputy Prime Minister pronounced on the purpose of the Bill in the context of a press release that was issued with the Budget papers. He set out in two paragraphs the purposes to which the resources that he claims will be released by the Bill will be applied. In that press release, the Deputy Prime Minister did not see fit to mention energy efficiency in a single phrase.

That was yet another missed opportunity for the Government to pay even lip service to environmental goals and another sign of their priorities. There are no public spending implications in mentioning energy efficiency in a press release. I am forced to conclude that Ministers mention energy efficiency only when they are attending events such as the Earth summit. As soon as there is a chance to do something, they quickly forget their commitment to green objectives.

5.30 pm

I have come to the rescue with the new clause tabled by my right hon. Friends. It gives the Government a chance to rectify their omission and reward those local authorities that show that they, unlike the Government, take energy efficiency seriously—local authorities that run their estates with energy efficiency as a priority; local authorities that provide buyers of council properties with information about energy ratings; local authorities that encourage private sector owners and tenants to invest in energy efficiency improvements. The new clause offers the Government a chance to reward authorities that are enthusiastic in implementing the Home Energy Conservation Act 1995, to which many are responding well. The laggards should be encouraged to catch up. Why are Scottish local authorities being given an extension in the timetable within which they must report under that Act?

The new clause would benefit all local authorities that are willing to do what the Government will not do—act to promote energy efficiency. It would give local authorities with less good records on energy efficiency an incentive to improve. If the Minister is unable to welcome the new clause whole-heartedly and accept it, will he say whether energy efficiency considerations will play any part in determining the way in which supplementary credit approvals are allocated? What specific steps do the Government propose to encourage local authorities to invest in energy efficiency measures? Do the Government agree with the recommendations of the 1993 Environment Select Committee report on energy efficiency?

Mr. Raynsford: I was on the Committee.

Mr. Yeo: The hon. Gentleman has remembered. I remind him of recommendation 53, which said:

"We also recommend that the Government revise the system of capital controls to provide an incentive for energy efficiency by extending the current capital receipts spending 'holiday' to enable local authorities to fund approved energy efficiency and CHP projects."

Does the Minister still agree with that unanimous report? If he is unable to accept the new clause or finds it difficult in any way, he would cause himself much less embarrassment by recommending that his hon. Friends vote for it.

Mr. John Gummer (Suffolk, Coastal): The Government must think seriously about the problem

resulting from the arguments in New York. The United States does not believe that Britain is serious in its determination to reduce our carbon dioxide emissions by 20 per cent. by 2010. It is using that as an excuse for taking no action..

I have asked the Government several questions about what they intend to do. The answers have been somewhat confusing. When I asked how much of the reduction industry would be expected to bear, the Department of Trade and Industry said that it did not know, but that it was thinking about it and was hoping to estimate the figure, which it would no doubt tell us.

In the Budget, the Chancellor of the Exchequer appeared not to have worked out how much more had to be done because of his changes to VAT. He did not have a figure in his mind of the extra emissions that might occur because of the cheapening of fuel. That is a worry. When the Government make such decisions without the facts and suggest that the House should wait until October before we have the facts, it is hard to believe that the Chancellor and the Treasury are taking global warming as seriously as I had hoped they would or as seriously as I believe the Prime Minister suggested they would.

The Minister for Local Government and Housing has smiled at every suggestion that has been made today. I hope that she will listen carefully to me now.

If the Government do not support the new clause, what are they saying? They are saying that they will not take into account the strategy of any authority to implement a programme of investment in energy efficiency measures. They will ask the House to vote against taking that into account. That does not seem to sit squarely with what the Prime Minister said in New York or what the Government have been saying.

The hon. Lady is still smiling. She spends the whole time smiling. That is very happy for her, no doubt, but it suggests that she does not take such matters with the seriousness that they deserve—or that she does not understand them. I have begun to believe that she giggles because she does not understand and does not want to listen to the facts.

The Conservatives have agreed to support a bipartisan environment policy because we want to achieve the ends that the Government have said that they accept. In opposition, they did not help much. The two Ministers present today were not well known for coming to the aid of the Green party, but we have forgotten about that and we shall support them. However, we shall keep them to their promises. The Minister and those who flank her should remember this simple fact: if they say that they are going to reduce emissions, they must also say how. If they do not, nobody will believe them. Nobody believes the Government yet. I want to give them the chance to be believed about this—if about nothing else. It is the most important subject for them, because, if they get it wrong, the damage to future generations will be very severe.

Does the Minister for London and Construction recommend that the House should vote that the Government should not take into account the energy efficiency strategy of a local authority? If he suggests that we should not vote for the new clause, he will be asking the House to ask the Department to ignore that essential issue. The Minister for Local Government and Housing should take the issue much more seriously if the nation and, more importantly, the international community, are to take the Government more seriously. I despair of them taking her more seriously, but they would take the Government more seriously if they showed how they will deliver what we believe they want to deliver.

Mr. Andrew Robathan (Blaby): I support the new clause. My right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) spoke lucidly about the need to deliver gains in energy efficiency rather than just talking about them. We have heard fine words from the Prime Minister. In general terms, I applaud most of what he said in New York, as does the whole House, but we need to see some action. My right hon. Friend the Member for Suffolk, Coastal said that the Government's answers were confusing. We all understand that putting VAT on domestic fuel was not a particularly astute move politically by the last Government, but it was a good stick with which to encourage people to use less energy.

If we are to reduce the effectiveness of the stick, we need to use a little more carrot to encourage energy efficiency. VAT on domestic fuel is now down to 5 per cent. What is the message from the Government? They cannot decide whether, at minimum cost, to reduce the rate of VAT on energy-saving measures and insulation. It is extraordinarily confusing. The new clause gives the Government the opportunity to benefit the environment by taking account of energy efficiency. It is a serious matter that does not deserve giggles from Ministers.

I am not making special pleading for my constituency, but for many years Blaby district council has had a fine record of encouraging energy efficiency in its own housing stock and elsewhere. Harborough district council has a similar excellent record. However, some councils need to be encouraged with a stick and a carrot. The new clause provides a marvellous carrot for local authorities to take seriously energy efficiency and implement previous legislation.

I am also involved with the all-party renewable and sustainable energy group, which takes a close interest in these matters. Hon. Members will have received today a communication from Greenpeace, an organisation with which I do not always agree. It is about solar energy being used in Silvertown in docklands. It is an extremely sensible piece of information. Under the new clause, the Government could further the use of solar energy in new housing stock and make an appreciable difference to the energy we use—and, indeed, the energy that we waste—and the carbon that we release into the atmosphere.

Although the previous Government were attacked endlessly by the Labour party, they had a proud record in those matters. The home energy efficiency scheme and the neighbourhood energy action scheme resulted in better insulation in the homes of 2 million old people. That makes a profound difference to their lives and to the energy used.

It is an absolutely vital issue. I applaud the new clause and support it whole-heartedly. The Government should consider it seriously and not just dismiss it with a giggle as being entirely irrelevant. It is a big issue that matters to a huge number of people. The Government have a chance to do something concrete about it and put their fine words into action.

Mr. Raynsford: New clause 4 would place a duty on the Secretary of State to take into account each authority's strategy for investment in energy efficiency measures when determining its supplementary credit approval. As I hope that we have already established in debating earlier amendments, the drafting of the new clause would extend its impact well beyond the distribution of additional resources under the Government's capital receipts initiative. It would apply to all supplementary credit approvals.

I welcome the hon. Member for South Suffolk (Mr. Yeo) back to the Front Bench, but I can see no compelling case for making a local authority's energy efficiency strategy a pivotal factor when a supplementary credit approval is issued for road safety purposes, firefighting, harbour improvements, flood defences or composting—possibly a subject of concern to some hon. Members.

Mr. Clappison: It is a serious subject.

Mr. Raynsford: Indeed, but it is totally irrelevant to energy efficiency in housing.

Mr. Gummer: Will the Minister give way?

Mr. Raynsford: I hope that the former Secretary of State will bear with me for a moment. He has jumped to his feet rather rapidly.

We are debating measures to give effect to the Government's commitment to release capital receipts for housing purposes, including energy efficiency measures. Had the Opposition prepared the new clause more carefully, it might have achieved their intended effect. However, they have produced a completely unworkable new clause that would produce absurd consequences, as I have illustrated. The former Secretary of State knows only too well that it would be ridiculous to try to take into account energy efficiency in the home when issuing supplementary credit approvals for other purposes.

Mr. Gummer: For 17 years, civil servants handed me precisely such answers. For 17 years I told them, "Take it away. I shall tell people that this is not the way to achieve what they want, but I shall tell them at the beginning that I want to achieve what they want and I shall make sure that we table an amendment to that effect." I have always told civil servants, "Don't tell me to make a cheap point across the Floor of the House. Let's deliver what we can do together."

Our new clause may not be properly worded. The Minister knows from a long time in opposition—he will soon learn again in the same circumstances—that these matters are not so easy in opposition, so will he please give an undertaking that he will ensure that the purpose of the amendment is achieved in a sensible way? If he does, we can all go home quite happy and leave the composting to composters.

5.45 pm

Mr. Raynsford: I shall give the right hon. Gentleman exactly the assurance that he seeks. Had he taken care to read our consultation paper, he would know that the Government intend to do exactly what he has requested. Perhaps, in the intervals of jetting in and out of New York and other places, the right hon. Gentleman might have taken the time to look at our proposals in more detail. Had he done so, he would have been better informed for tonight's debate.

Let me assure the right hon. Gentleman and other Opposition Members that energy efficiency is a central concern for the Government. It is a clear commitment. As the hon. Member for South Suffolk acknowledged, under the Home Energy Conservation Act 1995, local authorities have a duty to have strategies to make significant energy efficiency improvements in the domestic sector. Energy efficiency is already taken into account in the annual housing investment programme through which the Government distribute capital resources for housing to local authorities. The effectiveness or otherwise of those strategies will have a bearing on the resources allocated to authorities through the process that we are debating tonight.

Let me remind Opposition Members what is in the consultation paper that we have issued to local authorities. We make it quite clear that

"Expenditure under the capital receipts initiative should be directed at meeting local priorities consistent with the local strategy. Such works might include"—

and there follow six headings, including

"improving the energy efficiency of local authority and private sector housing and reducing CO_2 emissions".

That is a clear commitment to energy efficiency that should at least have been acknowledged by the right hon. Member for Suffolk, Coastal who spoke about a bipartisan approach, but never misses the opportunity to make a cheap point.

Mr. Gummer: The Minister well knows that it is always easy for Ministers to read out their speeches, although I would have been pretty angry had any of my junior Ministers read out such a speech, which is clearly unamended. At least I hope that it is unamended. If the Minister has amended it, he clearly does not get the point.

We want the provision on the face of the Bill. Only then can we be sure that local authorities comply with it. If the Bill says "might" or "may" or "could" or "we might have purposes to see" in the same way as the consultation document that I have before me, it does not have the effect of law. I am asking the hon. Gentleman to promise that the provision will be on the face of the Bill. If he answers that simple question, we need not hear the rest of his speech.

Mr. Raynsford: Once again, the right hon. Gentleman reveals that he has not read the consultation paper. Paragraph 24 contains a clear statement of the mechanism that will be adopted to allocate resources under the initiative. Local authorities will be asked for detailed spending plans showing how they are taking account of the objectives that have been specified, including achieving greater energy efficiency. It states:

"The Government Office will advise Ministers on the merits of the proposed spending plans . . . Having given due consideration to this advice, Ministers may wish to vary the final allocations to individual authorities."

There is a very clear mechanism for doing something about energy efficiency rather than talking about it.

The right hon. Member for Suffolk, Coastal may have heard the hon. Member for South Suffolk referring to the Environment Committee report of 1993. That report recommended—indeed, the hon. Gentleman referred specifically to the recommendation—that the Government of the day should extend the capital receipts holiday to enable local authorities to do more in the way of energy efficiency. Did the Government of the day, whom Conservative Members supported, follow that advice? No, they did not. They did not continue the capital receipts holiday; they ended it. They ignored the advice of the Environment Committee, which they now have the cheek to quote at this Government.

The Government are acting on the advice of the Environment Committee. We are releasing receipts under a capital receipts initiative which is designed to achieve precisely the energy efficiency objective among others.

Mr. Yeo: The hon. Gentleman, and not any Opposition Member present, was a member of that Committee, signed that report and made the recommendation—it was a unanimous recommendation of the Committee—which he now appears to want to reject.

Mr. Raynsford: On the contrary, as I have just pointed out to the hon. Gentleman, we are acting in accord with that recommendation. We are bringing forward the capital receipts initiative, we are making additional resources available to local authorities and we are saying clearly that energy efficiency is one of the objectives.

Of course, there are other objectives. We know of the problems of homelessness that the previous Government ignored. Action is necessary to deal with that. We know about the number of people living in rotten, miserable, poor conditions due to the failure of the previous Government to invest adequately in improving the condition of the housing stock. That is a priority as well. We are clear that energy efficiency is one of our objectives, and we are acting under the initiative to give effect to it.

Mr. Pickles: I am sorry that the Minister seems to be quite rattled on this subject. Perhaps I can bring him back to the central point. Will he explain why it is stronger and tougher on ensuring that energy efficiency is brought about to give discretion to Ministers rather then putting a provision in the Bill?

Mr. Raynsford: Sadly, the hon. Gentleman, along with all his hon. Friends, appears to have ignored entirely the fact that the new clause as drafted would be totally defective, as I have said. If he wishes us to put into effect ineffective legislation that requires the Secretary of State or Ministers to have regard to entirely irrelevant considerations when allocating supplementary credit approvals for other purposes, all I can say is that his party has learned very little over 17 years.

Mr. Pickles *rose—*

Mr. Raynsford: No, I shall not give way. I have given way already.

In 17 years in government, Conservative Members entirely failed to learn one very simple lesson: to be effective one needs to have clear objectives, to state them and to have mechanisms for implementing them. The Government have clear objectives and a commitment to implementing them. We shall ensure increased investment, which will contribute towards increased energy efficiency: action, not words.

Mr. Yeo: I must, with regret, refer to—since *Hansard* will not report—the frivolity with which the Minister for Local Government and Housing greeted nearly all the comments made by Opposition Members during a debate about a very serious issue, to which the Government and the Prime Minister pretend consistently to pay lip service. When faced with it in the House, all the hon. Lady was able to do was giggle and make cheap points from a sedentary position.

As my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) pointed out, the Minister for London and Construction resorted to the oldest argument: to attack a new clause on the ground of its unworkability, some shortcoming in its drafting. I simply say that I hope that, in his own interests, he will not resort to that argument again when he deals with other matters in the House or in Committee.

My right hon. Friend the Member for Suffolk, Coastal exposed the yawning gap between the Government's proclaimed environmental objectives and the actual policies that have so far been announced. The Minister could have put matters right in his reply, but he totally failed to do so. He relied on the drafting of his consultation paper, which says that the purposes for which supplementary credits might be applied might include energy efficiency.

Given the Government's total disregard of the commitments that have been given in specific and unequivocal terms, I cannot be hopeful—nor can the House—that a commitment that is couched so vaguely in a consultation paper is likely to be honoured if it does not suit the Government at the time to do so. If the Government really intended to give energy efficiency proper priority, they would include it in the Bill, as I, my right hon. Friend the Member for Suffolk, Coastal and other hon. Friends have suggested.

I very much regret that the Minister has so cavalierly ignored the key arguments advanced in support of the new clause. He will not look back on his contribution to the debate with much satisfaction. However, in the interests of the House and of getting on to other important matters, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New clause 6

HOUSING NEED CRITERIA TO BE THE SAME IN ENGLAND AND WALES

'In section 55 of the Local Government and Housing Act 1989, after subsection (3) there shall be inserted—

"(3A) Any criteria of housing need used in the allocation of supplementary credit approvals shall be the same in England as in Wales.".'.—*[Mr. Evans.]*

Brought up, and read the First time.

Mr. Nigel Evans (Ribble Valley): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this, it will be convenient to discuss new clause 8—*Total amount of supplementary*

[Mr. Deputy Speaker]

credit approvals to be allocated between England and Wales according to relative share of funding for local government in those countries—

'The Secretary of State shall secure that the allocation of the total amount of supplementary credit approvals as between England and Wales accords with the formulae employed to determine the relative levels of funding of local authority revenue expenditure in England and Wales.'.

Mr. Evans: I have great pleasure in moving new clause 6. It has become quite apparent that, although Labour Members have waited 18 years to be in government, they have forgotten what it is to be the Government of the country. One of the great challenges and opportunities for a Government is to answer the questions that are posed. I am afraid that they have signally failed to do that since they took office.

I shall give the Minister an opportunity to answer at least two questions on the allocation of supplementary credit approvals, which many people living in Wales will be asking themselves concerning the Bill—although, as we saw, the Government were asked many questions on the issue of devolution, and not only did we not get any answers, but we seemed to get more questions.

I understand that there is a timetable for procedure involving SCAs, but Wales is seemingly being left in the dark about how much money it will receive. My hon. Friend the Member for Christchurch (Mr. Chope) tabled a question on the issue. Even though I am going to ask the question again in this debate, I should say that the Treasury did not seem to know the answer earlier. We shall be listening for any further information from the Minister.

New clauses 6 and 8 will give the Minister the opportunity to tell the people of Wales specifically how much they will receive of the allocations of £200 million and £700 million. It will depend on what formula is used, how the money will be distributed and what criteria will be used. Will the Barnett formula be used to allocate the total budget?

We know that the Barnett formula was first used in 1978. It is an example of a non-statutory policy rule based on a mutual understanding between parties in a policy network, the implementation of which is subject to both sides observing the behavioural rules of the game. Thus, for example, if £1 billion is added to planned health service expenditure in England, £106.6 million would be added to the Scottish block and £60.2 million to the Welsh block.

The system offers three advantages to the territorial Departments. First, the operation of the formula protects to a large extent the existing situation, where spending per head is above the national average. Secondly, there is no need for the Departments to argue the case for equal treatment on each occasion that a relevant programme in England receives increased funding. Thirdly, the Secretary of State retains the freedom to allocate the block between programmes.

We might this evening be seeing the ending of the use of the Barnett formula. Perhaps it is an idea of the Government in order to distance themselves from Wales. Together with the devolution referendum, perhaps the Government are slowly but surely moving away from their commitment to Wales.

If the Barnett formula will not be used, what measures will be used? We already know that Wales is being downgraded by the Secretary of State for Wales and that he wants to see Wales marginalised in the United Kingdom, with his powers being transferred almost lock, stock and barrel to the turbo-charged county council, otherwise known as the Assembly, which will sit in Cardiff.

The Minister has the opportunity to tell the people of Wales, and she must do so, whether they will lose out under this deal. The great fear is that they will, and that Wales, which has suffered too long from Labour-controlled local authorities will lose out.

6 pm

Once the allocation is known—I hope that we will be told this evening—how will its distribution in Wales be defined? Will we be told that the definition of housing need in Wales is exactly the same as that used elsewhere? As a Member of Parliament for an English constituency, I regret that we have so few Welsh Members in their places on the Government Benches today. They speak long and loudly about their commitment to Wales, but it is a shame that so few of them have sufficient commitment to be present when we are debating something of great importance to Wales.

I represent an English constituency, but my family live in Swansea and I have spent 17 of my 23 long years in politics in Welsh politics. As far as I am concerned, the definition of need should be the same whether in Wales or England. Local authorities need to know the definition of need that will be used and whether it will be the same. If it is not to be the same, what definition will be used? If a different needs formula will be used, will the Minister tell us why that is so?

Mr. Win Griffiths: Has the hon. Gentleman read the Welsh consultation paper, because the answer is there?

Mr. Evans: Yes, I have read the Welsh consultation paper, but I did not get the answers to my questions. I hope that we will not be fobbed off merely by advice to the people of Wales to refer to the Welsh consultation paper. The Minister has an opportunity to give us a clear figure for how much money Wales will get and what formula will be used. I know the definitions that have been used in the consultation paper, but I want to know whether they will be exactly the same as the definitions that will be used in England.

The people of Wales will be put in double jeopardy by the Government, as they sway from a tried and tested formula that has served Wales well for many years. Different needs criteria could cause tremendous problems. The only thing that is certain is that the people of Wales face needless uncertainty. The Minister should understand that Wales is not second class and the Welsh people are not second-class citizens. Wales deserves the answers to these questions.

I started my speech by saying that answering questions is a responsibility of government. This Government have been quick to shirk that responsibility. They asked us for trust during the general election, but trust is a two-way street, and the journey starts here.

Ms Armstrong: It gives me great pleasure to answer the hon. Member for Ribble Valley (Mr. Evans). I realise that, because there are now no Welsh Tory Members of

Parliament in the Labour party, it has been difficult for Opposition Members to keep up with this debate and with what has already been said about allocations in Wales and the previous Government's practice in determining housing need in Wales. We have inherited the same formula that they used. The new clause would do down Wales and make its position much worse.

I welcome the hon. Member for Ribble Valley to the debate on the Bill, because we are always pleased to welcome new recruits. We announced last week after the Budget the amounts that the Chancellor had allocated to England, Scotland, Wales and Northern Ireland. We will use the Barnett formula—

Mr. Evans: Will the Minister give way?

Ms Armstrong: I am trying to answer the hon. Gentleman's questions.

We will therefore allocate £9.54 million this year to Wales and £33.38 million next year. That is the allocation according to the Barnett formula and we will undertake consultation in Wales on the precise distribution mechanism. As I have said, the definition of need was used consistently by the previous Government in their allocation year on year to the housing programme in Wales. They recognised that housing need in Wales is different from that in England, because Welsh housing stock is different. That is reflected in the manner in which need is assessed. I hope that the hon. Member for Ribble Valley understands that his new clause would be to the detriment of Wales.

The indicators used in the allocation of resources for capital expenditure will cover broadly the same measures for all authorities, but the differences between England and Wales have been developed to take account of the differences in the housing needs of English and Welsh authorities. For example, the differences include the high demand for renovation grants in Wales, reflecting the higher level of unfitness in the private sector stock and the economic circumstances of owner-occupiers. Those needs will, of course, be reviewed when the results of the English and Welsh house condition survey become available.

Consultation papers issued by the Department and the Welsh Office set out the needs indicators that we propose to use in each case. Those are available for people in Wales and all Welsh authorities to examine, and we will consult them.

Mr. Bernard Jenkin (North Essex): I am sorry to take the Minister back to the issue of the shares that England and Wales will receive. She gave us—strangely—the figures that the Chief Secretary failed to give in a written answer today. Will she explain why that information is available for her speech, but was not available to the Chief Secretary? Will she also explain, or perhaps confirm, that the Bill and the allocations represent extra money for housing in England and Wales but not in Scotland? Can she give us a figure for Scotland?

Ms Armstrong: I suspect that I would be out of order if I strayed too far on to the subject of Scotland, but—as I have already said—the amount allocated by the Chancellor last week covered England, Scotland, Northern Ireland and Wales. I have not announced any new figures today and I am concerned that that has not been reflected in the written answer. If the hon. Gentleman will give me a copy of the question, I shall respond to him on another occasion. I suspect that the problem lies in the nature of the question that was asked.

Mr. Chope: Will the Minister give way?

Ms Armstrong: I have already offered to respond to the question on another occasion.

Mr. Chope *rose—*

Mr. Deputy Speaker: Order. Is the hon. Lady giving way?

Ms Armstrong: No. *[Interruption.]* I am sorry. I have not seen that question. I cannot be expected to give a response at the Dispatch Box.

Mr. Richard Ottaway (Croydon, South): That is what the hon. Lady is paid for.

Ms Armstrong: It is not what I am paid for: I am paid to be honest and straight with Parliament. I must have proper and appropriate discussions with colleagues. Hon. Members earlier accused me of being frivolous, but I was not. I was trying to draw hon. Members' attention to the fact that they had not read the consultation document. They should have the decency to deal with questions properly. I am seeking to do that, and you are saying, "Oh no, you don't need to do it properly, you can give me a quick answer across the Dispatch Box." That is not the way I work. I shall come back to you with an answer.

Mr. Deputy Speaker: Order. I remind the hon. Lady that she is continually using the word "you".

Ms Armstrong: Sorry, Mr. Deputy Speaker, I was getting carried away.

The people of Wales want parity and fairness. The Bill will give them the fairness that the previous Government were not prepared to give them, because they did not deal with the real needs of the people in Wales. This Government are prepared to face the problems of housing need that were so neglected by the previous Administration. I hope that, having been given straight answers to his questions, the hon. Gentleman will not press the new clause. If he does, we will resist it.

Mr. Evans: The Minister began by saying that there were no Welsh Members of Parliament in the Labour party.

Ms Armstrong: I said that there were none in the Tory party.

Mr. Evans: *Hansard* will no doubt help the hon. Lady, but that is what she said. Perhaps she was pre-empting the next general election. We shall see.

The hon. Lady also said that the new clauses would do down Wales. That is not our intention. We wanted to discover whether the Government were intent on doing down Wales. No one has done more to assist Wales in the past 18 years than the Conservative Government, as can

[Mr. Evans]

be seen from the figures for expenditure per head of population and from inward investment into Wales. I have no reservations about our commitment to Wales.

We wanted clarification on the Barnett formula, because it was not clear in the document. It is amazing that my hon. Friend the Member for Christchurch (Mr. Chope) received a non-reply from the Chief Secretary to the Treasury earlier today, yet the Minister can give us the exact figures. I am quietly bedazzled by that, but perhaps she will consider the matter and tell us later why the Treasury Minister was unable to answer the question that she has just answered.

We want clarification on a number of points. The Government have clarified one matter, but I am still not happy about the definition of housing need. However, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Mr. Chope: On a point of order, Mr. Deputy Speaker. An important issue arose in that debate. When the Budget was announced, a press notice said that the allocation between England, Scotland, Wales and Northern Ireland of the £200 million for housing would be announced shortly after the Budget. I tabled a priority notice question for written answer today from the Chancellor of the Exchequer. I received an answer from the Chief Secretary to the Treasury saying that he would write to me shortly. The hon. Lady has now given a partial answer to that question, which is extraordinary.

Mr. Win Griffiths: The hon. Gentleman should think himself lucky.

Mr. Chope: That is my point of order. Are the House and the Opposition entitled to obtain information by seeking answers to parliamentary questions, or are we to be given information as and when the Government deign to give it to us?

Mr. Deputy Speaker: The content of parliamentary answers is not a matter for the Chair.

Clause 2

POWER IN PLACE OF DUTY TO SPECIFY AMORTISATION PERIOD

6.15 pm

Mr. Chope: I beg to move amendment No. 3, in page 1, leave out lines 16 to 21.

Mr. Deputy Speaker: With this, it will be convenient to discuss amendment No. 4, in page 1, line 21, at end add

', but no period so specified shall exceed seven years, except in respect of old loan charge grants.'.

Mr. Chope: We discussed clause 2 in Committee at considerable length. The Opposition have grave suspicions about the clause. We were worried that it would be used to enable local authorities to capitalise their revenue expenditure, so that they would capitalise the money that they needed to spend this year and impose a burden on future generations through a debt that would be paid over a period of more than seven years.

In Committee, the hon. Member for Greenwich and Woolwich (Mr. Raynsford), was unable to give a specific example of a local authority that had asked the Government for a special dispensation for a period in excess of seven years. In the light of that, the Committee divided. The hon. Gentleman said that it was reasonable for a period of more than seven years to be allowed for the specific category of old loan charge debts. Accepting that, we have now tabled an amendment that would apply the seven-year rule to all categories of debt other than old loan charge debts.

I hope that the Government will accept the amendment, because it would deal with all the points discussed in Committee. If they cannot accept it, our suspicions will be roused to an ever greater extent than they have been already by the Government's shilly-shallying on this issue. It is a short, simple point. If any more local authorities are pressing to wrap up their revenue expenditure in capital and repay it over a period in excess of seven years, let us hear about them tonight. We should be open about this issue, and if no local authorities are pressing for that, the Government should accept this reasonable amendment.

Mr. Raynsford: As I said to the hon. Gentleman in Committee when we debated this matter, he is making a mountain out of a molehill. This is a relatively minor issue and certainly does not justify his paranoia about widespread financial consequences for local authorities. It is not like that at all.

The two amendments are contradictory: one would leave out the whole of clause 2, and the second would make a specific amendment to the procedure. The hon. Gentleman accepted that there could be an appropriate arrangement for amortisation of old loan charge grants. That makes the point that amendment No. 3 is inappropriate, because it would remove the flexibility to make such arrangements.

We do not believe that there is a case for amendment No. 3 under any circumstances. At present, supplementary credit approvals are issued in respect of capitalisation directions in limited circumstances. The only example of that being done routinely—I stress, routinely—is for the commutation of loan charge grants. That is a small, uncontroversial programme, for which about £4.5 million to £5 million a year is available. All we are seeking is for Ministers to have the discretion to specify an amortisation period appropriate for the particular expenditure and the circumstances of each authority.

Although I gave an example to the hon. Member for Christchurch of the commutation of loan charge grants, that is not the only circumstance in which supplementary credit approval might be given.

Mr. Chope: Can the Minister give some more examples?

Mr. Raynsford: I can. Thurrock—the local authority which most recently made representations to the Department—is seeking assistance with the capitalisation of the cost of local government reorganisation. That is an issue where there might be a case for provision for capitalisation and for repayment over a longer period than

seven years. Certainly, Thurrock council told us that the seven-year amortisation period was too short and would represent a significant revenue burden on it.

Mr. Chope: I am grateful for that example, but it raises concerns. Will the Minister agree to place the papers in relation to that application in the Library so that hon. Members can have a look at them? Will he confirm that the application is for a sum of £1 million or less?

Mr. Raynsford: I shall be happy to write to the hon. Gentleman to set out the full details about that case, but I used it for illustration in response to a request for an indication of circumstances other than dealing with old loan charges where the provision might be appropriate.

The commutation of old loan charge grants is a good example of the need for the clause. The previous Administration meant commutation to be neutral for local authorities, but it led to revenue losses through no fault of the authorities. Consequently, authorities are allowed to capitalise their commutation costs and borrow to meet them. It is unreasonable to impose a short amortisation period in these cases.

The clause is relevant to other cases in which revenue expenditure is capitalised. We would allow authorities to borrow for revenue purposes only in the most exceptional circumstances where it would not be reasonable for them to meet the expenditure out of their existing revenue resources. The seven-year rule means that authorities would almost immediately have to start finding large sums to repay the debt which, in some circumstances, would have unacceptable financial consequences for authorities. We are seeking more flexibility to deal with cases on their merits.

Amendment No. 4 would restrict the benefits of clause 2 to cases involving old loan charge grants. I agree that more flexible amortisation periods are needed in connection with SCAs relating to the commutation of old loan charge grants, but equal flexibility is needed in connection with other SCAs—in particular, those made possible by clause 1.

Another example for the hon. Member for Christchurch is a case where there might be significant revenue expenditure—for example, on preliminary research or consultation necessary for one or more schemes involving expenditure under the capital receipts initiative. I am not suggesting that that will be the case, but there might be circumstances in which there would be a reasonable case for the revenue costs to be capitalised. In such cases, it would be absurd if there were no flexibility to allow that or an amortisation period appropriate to the circumstances of the authority.

We would need to be sure that the authority could not afford to meet the expenditure from its existing revenue resources. Under the present law, we would tell the authority that it must find at least one seventh of the borrowed sum out of its revenue in the following year, and the same amount in each of the six subsequent years. If the authority could not cope with that revenue commitment, it would be denied this assistance.

I hope that I have made clear to the hon. Member for Christchurch that we are not dealing with a major cause of additional local authority expenditure, but with limited circumstances. We are seeking the appropriate flexibility to cope with those circumstances and to respond to the needs of individual authorities without an unduly rigid framework. I hope that the hon. Gentleman will agree, in the circumstances, to withdraw his amendment.

Mr. Chope: I am grateful to the Minister for his response, although I am disappointed that he did not make such a response in Committee, where he seemed remarkably coy about giving any example other than the generality of loan charge grants. We now have it on record that there is a Labour-controlled local authority that is seeking to capitalise its revenue expenditure and to pay back that capital over a period in excess of seven years. How does that fit with the Chancellor's so-called "golden rule" on public borrowing? It does not fit in with it at all.

We are anxious about the powers that the Government are giving themselves, and we shall seek to monitor vigorously the way in which the Government exercise these powers. But certainly we will not press the amendment to a vote, and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Order for Third Reading read.

6.26 pm

Ms Armstrong: I beg to move, That the Bill be now read the Third time.

We have had a relatively short but interesting set of debates leading to Third Reading. The Bill lays the foundation for the Labour Government to deliver on our manifesto pledge to increase the opportunity for housing need to be met through a capital receipts initiative. That is the first vital step towards the Government's objective of ending years of under-investment in housing. The Bill has been well received by local government and the housing world, which has struggled to come through those years of under-investment. Many people have suffered because their house has not been improved; others have not been able to get a house because there is insufficient housing in their area.

The Government are living up to our undertaking in Committee that the Bill's Report stage would be taken after the Budget. One of our debates this afternoon arose out of the Budget and our spending commitments for this year and the next. We are having a comprehensive spending review and examining how housing need can be addressed in the future. The Chancellor announced that significant additional capital resources are being made available to meet pressing housing need across the UK and, as part of the Government's capital receipts initiative, an additional £174 million has been provided in England this year, with a further £610 million available in 1998–99. I am sorry that the hon. Member for Christchurch (Mr. Chope) did not get a fuller response. I shall write to him to ensure that he knows the amounts allocated to each of the four nations of the UK.

Mr. Chope: Were the allocations announced through a press notice? In what way where the allocations communicated to those concerned in Northern Ireland, Wales, Scotland and England?

Ms Armstrong: I shall write to the hon. Gentleman about this matter. I announced the English figures at a conference last week. I am responsible for those and

[Ms Armstrong]

they were in a subsequent press release. I apologise for the fact that the hon. Member has not seen them, but I think that I referred to them in Committee last week. A Welsh Office press release announced the amounts in Wales on 3 July.

Mr. Bernard Jenkin: That makes it all the more extraordinary that the Chief Secretary to the Treasury was not able to give my hon. Friend the Member for Christchurch (Mr. Chope) a proper answer today.

Ms Armstrong: I have dealt with that matter and I have tried to be open and honest with Opposition Members. I have said that I shall write to the hon. Member for Christchurch. The Opposition's behaviour is extraordinary. They too have been in government and I can remember many occasions when they were less than perfect. Obviously they are learning how to be in opposition and it is going to be a long learning curve.

The Government face a legacy of massive under-investment in housing throughout the United Kingdom. The capital receipts initiative should concentrate on England and Wales. When Opposition Members find out the amounts for Northern Ireland and Scotland, they will realise that although the receipts concentrate on England and Wales we know that there is real housing need in Northern Ireland and Scotland and so have extended the initiative to them. We will make announcements about the application of those resources in due course.

The Government's proposals for England were set out in the consultation paper. The Welsh paper was issued recently and I am pleased that Opposition Members have read it. The initiatives have been warmly welcomed on both sides of the House and, in particular, by local authorities.

The House will be pleased to note that, in Committee, Opposition Members were largely able to endorse and support the broad thrust of the initiative. I think that that has been true of our debates today. There have been some mischievous responses to some of our points, but I feel none the less that there was overall recognition that the level of housing need demands a response. It seems fair to us that some of the money made from the sale of council housing should go back into housing so that we invest in social housing in areas where houses have been sold and so that the nature and condition of the housing enables people to make it into a real home.

Discussions with the Local Government Association will continue so that we can ensure that the initiative continues to benefit from a genuine partnership between central and local government. We look forward to receiving views from the LGA, local authorities and other interested parties when they have had time to read the consultation paper and consider how they would best be able to implement the intent of the Bill in their areas.

The resources that will be released will enable local authorities to work in partnership with all housing providers, tenants, residents and the private sector to begin to tackle that legacy of neglect, decline and decay that is all too often the prospect in too many areas.

We will also encourage authorities to take every opportunity to support projects that complement the Government's wider policy initiatives. We discussed one earlier—the policy to encourage energy efficiency and CO_2 emissions. The Government have more than that single objective in relation to this initiative. We want training opportunities to be increased. We are concerned about some of the training offered in the construction industry and the fact that so many young people start construction industry courses but do not finish them. Through this initiative, we want to get more people into training—good training—in the construction industry, so that they end up with a job and so that young people, in particular, can be led into work and financial independence. This initiative is one clear way in which that other overriding strategy of the Government will be met.

Mr. Chope: Can the Minister tell the House how many extra jobs will be created in the construction industry as a result of the £200 million allocation this year in the supplementary credit approvals and the £700 million next year?

Ms Armstrong: That depends on how authorities decide to use the initiative, whether they go into renovation or new build and whether they encourage work with other organisations, such as housing associations, whereby the money will be matched with money from the private sector so that the effect of the initiative will be greater. It is impossible to give a proper estimate of the number of jobs and I do not want to speculate. We know, however, that many more jobs will be created by this initiative than would have been if we had not taken it. This Government will create many more jobs in this area than did the previous Government.

In particular, we will encourage young people to be involved in the initiatives that local government takes through the Bill. Opposition Members were somewhat scathing about the amounts that we intend to release this year. I remind them that we cannot release any money until the Bill is enacted. We want to get the Bill through to release some money to local authorities this year. That is why we are pressing ahead with it.

The Bill will give us, local authorities and others in the housing sector the real opportunity to be imaginative and creative in how the money is used to encourage regeneration and pull in money from elsewhere so that jobs are created for young men and women and the other priorities identified in the consultation document can be put into practice.

The Bill and the resources provided by my right hon. Friend the Chancellor of the Exchequer should leave the House in no doubt that the Government are serious about tackling poor housing, poor health, ghetto estates and joblessness. We are not content that we were left a legacy that did not need moving and shifting. If the previous Government were honest, they would be ashamed of that legacy. We are not prepared simply to inherit it. We want to give people opportunity. We are determined that they will be given opportunity. A decent home is always necessary if people are to be able to take advantage of opportunities.

The Bill is one way in which the Government are fulfilling their commitment to the British people to open up opportunities, offer decent housing for everyone and ensure that it is no longer necessary for anyone to sleep in the streets—a shameful episode that we inherited from

the previous Government. The Bill is the first this Parliament to have reached Third Reading having been through a normal Committee stage. It is with great pleasure that I commend it to the House.

6.39 pm

Mr. Chope: The Minister noted that this is the first Bill this Parliament to have had a normal Committee stage. It is a commentary on the Government that none of their Back Benchers participated in Committee or on Report; everything has been left to the Front-Bench spokesmen.

The Labour party manifesto included the following commitment:

"capital receipts from the sale of council houses, received but not spent by local councils, will be re-invested in building new houses and rehabilitating old ones. This will be phased to match the capacity of the building industry and to meet the requirements of prudent economic management."

Having discovered from the Budget that there would be some £200 million extra for Scotland, England, Wales and Northern Ireland this financial year, I asked the Chancellor of the Exchequer what estimate of the capacity of the construction industry in 1997–98 and 1998–99 underlay his decision to allocate extra sums under the Government's capital receipts initiative. I was asking him to explain exactly how the phasing would match the capacity of the building industry and meet the requirements of sound economic management. Today, the Chief Secretary to the Treasury replied that he would let me have a reply as soon as possible.

I also asked the Chancellor about the allocation of the £200 million between England, Scotland, Wales and Northern Ireland. Again, I received the answer that he would let me have a reply as soon as possible. Put together, those answers leave one with the feeling that the Government are arrogant beyond belief. They are not even prepared to let an Opposition spokesman speaking in a debate material to the subject of the questions to have information that, we now learn from the Minister, she divulged during a press conference last week. It was divulged in debate today, but the Chief Secretary was not prepared to divulge it to the Opposition Front-Bench spokesman in answer to a priority written question.

We know that the Government want to take debate away from this Chamber and this Parliament. This is another example of the arrogant way in which they are seeking to achieve that objective. I hope that you, Mr. Deputy Speaker, and Madam Speaker, will intervene to protect the rights of Parliament and of the Opposition to receive timely information.

Mr. Deputy Speaker (Mr. Michael J. Martin): Order. The hon. Gentleman must not draw the Chair into his case.

Mr. Chope: I raised the issue on a point of order earlier. I shall insist that we get assurances from the Government that we will not again be put in a position where information that is clearly available to the Government is withheld from the Opposition.

Ms Armstrong: The hon. Gentleman was given the information.

Mr. Chope: The hon. Lady says that the information was given to me. It was given to the House three or four hours after I had been told that it was not available.

Ms Armstrong: I understand that the hon. Gentleman asked for information from the Chief Secretary for all four nations. The Bill relates to England and Wales. He was given the information on England and Wales. He did not ask for the information that he says he asked for.

Mr. Chope: The hon. Lady is clearly desperate. In this debate, she said that the Barnett formula applies. If it applies to the £200 million, the results of its application could have been announced in a press notice on Budget day in the same way as detail was announced, using that formula, for allocations available under the health service and education initiatives. The Barnett formula was used for both those initiatives and the figures were produced. In respect of the so-called capital receipts initiative, the press notice from the Department of the Environment, Transport and the Regions said that the allocation would be announced shortly, clearly implying that either the Government had not made up their mind or they were not sure whether they would use the Barnett formula. Perhaps we now know that they wanted to keep the information secret and prevent the Opposition knowing about it so that they could divulge it to suit their convenience.

Despite the Budget, at the end of this financial year and the next, local authorities will have more unspent capital receipts from the sale of council houses than at the time of the general election. I cannot believe that many Labour party supporters envisaged that, two years after the election of a Labour Government, the total of unspent receipts would be greater than at the time of the general election, yet that will be the impact of the Chancellor's Budget announcement and of the Bill. It is going to be a grave disappointment to Labour supporters.

We know what the Bill does not do. Contrary to the wishes of the Local Government Association, it does not remove restrictions on the use of new receipts. As recently as 5 June, the LGA said:

"Restrictions on the use of new receipts should be removed."

Nor does the Bill remove restrictions on the use of set-aside receipts; it merely allows them to be taken into account in the granting of credit approvals. The Bill is a charade. It purports to be something other than what it is.

Nor is the Bill's application confined to house receipts and housing authorities, as the Government said all along it would be. The consultation paper, the rhetoric and, indeed, the Labour party manifesto, refer to housing receipts, but under the Bill the Government are taking power to allow non-housing receipts set-aside to be taken into account in the granting of credit approvals. The Bill also allows set-aside receipts to be taken into account for any purpose of credit approval.

I raised this issue in Committee. The Minister replied:

"We have made it quite clear that the Bill deals specifically with housing receipts."

Unfortunately, the text of the Bill does not match her words. She continued:

"Over many years in opposition . . . we have been committed to an initiative to deal specifically with the sale of council houses and the proceeds of that sale. We wanted to deal with the problems that local authority areas have experienced as a result with both the state of their existing stock and, in some cases, a simple lack of housing.

Our priority is to meet the commitments that we made in our manifesto."—[*Official Report, Standing Committee A*, 24 June 1997; c. 16.]

The hon. Lady has not said during the passage of the Bill why it goes far wider than dealing with housing authorities and the receipts from housing sales.

[Mr. Chope]

We can consider the Bill on Third Reading with the benefit of the knowledge that the extra £200 million and £700 million announced in the Budget are a grave disappointment. The Local Government Association estimated that some £5 billion was available. It wanted an extra £500 million this year and a lot more beyond. The Bill has raised expectations that can never be realised. Conservative Members will oppose it.

6.49 pm

Sir Paul Beresford: I support what my hon. Friend the Member for Christchurch (Mr. Chope) has said, especially his latter points. There has been much talk on the Government Benches, when Labour Members have been allowed to speak, to the effect that the Bill is related to capital receipts, but it is related to set-aside. At present, councils can take into account the usable capital receipts, which obviously have a link to set-aside, especially if the local authority has debt. I emphasise the point that my hon. Friend makes. Clause 1 is merely flag-waving to a promise that the Labour Government cannot fulfil. They are releasing not capital receipts but capital credit allowances. That is all. Any claim that they are doing anything more than that is fictitious.

My hon. Friend the Member for Christchurch did not touch on clause 2, which I find especially disturbing. To capitalise revenue in specific circumstances is just acceptable in accounting terms. The reorganisation costs of many of the local authorities that wished to be unitary authorities were accepted by the previous Government. I understand why. It was expected that those costs would be paid back within seven years.

Thurrock was mentioned in the debate. Thurrock was enthusiastically in favour of unitary status because it would make the council more efficient, better able to handle its services and able to make considerable savings. Capitalisation over seven years could adequately be met by any competent authority, including Thurrock. As a proportion of its total expenditure, the revenue costs are small.

We are giving an open cheque book to local authorities to allow them to approach the Secretary of State and ask to capitalise revenue on the never-never without reporting to the House. That is a dangerous move and one that the Government will rue. Local authorities and the children of the parents who are paying the bills now will have to bear the costs. This is a case of revenue costs on the never-never and I support my hon. Friend the Member for Christchurch in rejecting the Bill.

6.52 pm

Mr. Sanders: This is not a Bill about capital receipts. It is not about allowing local authorities to use their own money. It is about giving them permission to borrow someone else's money. The supplementary credit approvals announced in the Budget are not up to the scale of the task ahead. They are simply straws in the wind.

About 28,000 homes could be built in the next two years if all the money allocated was put into new build—it will not be, but let us assume that it will—yet the Government's own estimates are that we need between 60,000 and 100,000 new affordable rented homes each year. So 28,000 has to be set against 60,000 at the bottom end of the estimate and 100,000 at the top end. The amount of money available this year will provide only 4,000 new builds. We should put that into context.

On 1 April 1996, in the constituency of the hon. Member for North-West Durham (Ms Armstrong), 4,738 people were on the waiting list. Hon. Members should remember that just 4,000 homes are to be built in the whole of the United Kingdom. In the constituency of the hon. Member for Greenwich (Mr. Raynsford) the waiting list is 6,445.

I have an apology to make to the House for something that I said on Second Reading to the hon. Member for Luton, South (Ms Moran). I said that she might be disappointed to find that the Bill will provide enough money to provide only four new houses in Luton. I was wrong. It is five new houses. That is all that the new money will provide.

We should not get too excited. Labour supporters will be extremely disappointed if they compare new Labour's proposals with those of previous Labour Governments. During the lifetime of this Government, it is likely that between 28,000 and 60,000 new homes will be built in the social sector as a consequence of the supplementary credit approvals. That compares with new build between 1945 and 1951 of 850,000. The Labour Government of 1965 to 1970 built 1,100,000 new homes. The Labour Government of 1974 to 1979 built 850,000. The new Labour Government's proposals are peanuts. The best that one can say is that some extra money is better than no money.

It is with some sadness that we shall support the Government tonight—*[Laughter.]* It is with some sadness, because there was a possibility of doing a great deal more than has been proposed in the Budget. When one is in a hole, as the Government are over housing, one does not carry on digging. That is the problem. The Bill does not go far enough—*[Interruption.]*

Mr. Deputy Speaker: Order. There must be quiet in the Chamber when an hon. Member is addressing it.

Mr. Sanders: We support the Government with sadness because the Bill does not go far enough. I hope that the thousands of people in each hon. Member's constituency who are on waiting lists will know that their plight is being laughed at.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 350, Noes 138.

Division No. 50] **[6.56 pm**

AYES

Abbott, Ms Diane	Bayley, Hugh
Adams, Mrs Irene *(Paisley N)*	Beard, Nigel
Ainger, Nick	Beckett, Rt Hon Mrs Margaret
Ainsworth, Robert *(Cov'try NE)*	Begg, Miss Anne *(Aberd'n S)*
Allan, Richard *(Sheffld Hallam)*	Beith, Rt Hon A J
Allen, Graham *(Nottingham N)*	Bell, Martin *(Tatton)*
Armstrong, Ms Hilary	Bell, Stuart *(Middlesbrough)*
Ashdown, Rt Hon Paddy	Bennett, Andrew F
Ashton, Joe	Berrningham, Gerald
Atkins, Charlotte	Berry, Roger
Austin, John	Best, Harold
Ballard, Mrs Jackie	Blackman, Liz
Barnes, Harry	Blears, Ms Hazel
Barron, Kevin	Blizzard, Bob

Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Thomas
Breed, Colin
Brinton, Mrs Helen
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Bruce, Malcolm *(Gordon)*
Burden, Richard
Burgon, Colin
Burstow, Paul
Butler, Christine
Byers, Stephen
Cable, Dr Vincent
Caborn, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Campbell-Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chaytor, David
Chisholm, Malcolm
Clapham, Michael
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Eric *(Midlothian)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darvill, Keith
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dewar, Rt Hon Donald
Dismore, Andrew
Donohoe, Brian H
Doran, Frank
Dowd, Jim
Drew, David
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Etherington, Bill
Fearn, Ronnie
Field, Rt Hon Frank
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Don *(Bath)*
Foster, Michael John *(Worcester)*
Fyfe, Maria
Galbraith, Sam
Galloway, George
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Gorrie, Donald
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harvey, Nick
Heal, Mrs Sylvia
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Hoey, Kate
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Barry *(Alyn & Deeside)*
Jones, Ms Fiona *(Newark)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Charles *(Ross Skye)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kirkwood, Archy
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Livingstone, Ken
Livsey, Richard
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
Macdonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Ms Rosemary
Maclennan, Robert
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, Peter
Marek, Dr John
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Maxton, John
Meacher, Rt Hon Michael
Meale, Alan
Michie, Bill *(Sheff'ld Heeley)*
Milburn, Alan
Moffatt, Laura
Moore, Michael
Moran, Ms Margaret
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Öpik, Lembit
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Powell, Sir Raymond
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Rendel, David
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooker, Jeff
Rooney, Terry
Roy, Frank
Ruane, Chris
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Snape, Peter
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Temple-Morris, Peter
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*

Twigg, Stephen *(Enfield)*
Tyler, Paul
Vaz, Keith
Wallace, James
Walley, Ms Joan
Watts, David
Webb, Professor Steve
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Wigley, Dafydd
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Clive Betts and
Mr. David Jamieson.

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baldry, Tony
Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, Rt Hon Mrs Virginia
Brady, Graham
Brazier, Julian
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Burns, Simon
Butterfill, John
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clark, Rt Hon Alan *(Kensington)*
Clark, Dr Michael *(Rayleigh)*
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Curry, Rt Hon David
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Evans, Nigel
Faber, David
Fabricant, Michael
Fallon, Michael
Flight, Howard
Forth, Rt Hon Eric
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
Garnier, Edward
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Gorman, Mrs Teresa
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hague, Rt Hon William
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hayes, John
Heald, Oliver
Heathcoat-Amory, Rt Hon David
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Key, Robert
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lilley, Rt Hon Peter
Lloyd, Rt Hon Sir Peter *(Fareham)*
Loughton, Tim
Luff, Peter
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Moss, Malcolm
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Ruffley, David
Sayeed, Jonathan
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Soames, Nicholas
Spelman, Mrs Caroline
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Sir Teddy
Temple-Morris, Peter
Thompson, William
Townend, John
Tredinnick, David
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Wardle, Charles
Waterson, Nigel
Wells, Bowen
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Young, Rt Hon Sir George

Tellers for the Noes:
Sir David Madel and
Mr. James Cran.

Question accordingly agreed to.

Bill read the Third time, and passed.

Local Government (Contracts) Bill

As amended (in the Standing Committee), considered.

Clause 1

FUNCTIONS TO INCLUDE POWER TO ENTER INTO CONTRACT

7.10 pm

Mr. David Rendel (Newbury): I beg to move amendment No. 1, in page 1, line 10, at end insert—

'(1A) The power of a local authority to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of its functions, includes the power to enter into a contract with another person for the provision or making available of assets or services, or both (whether or not together with goods), for or in connection with those purposes.'.

Mr. Deputy Speaker, I apologise for the confusion if you thought that my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) intended to move the amendment. In Committee, my hon. Friend raised an issue somewhat similar to the one raised by amendment No. 1 and said that, if he was dissatisfied with the Minister's response, we might well table an amendment on Report.

Having listened to the Minister's response on that occasion, and having had the opportunity to reflect on the matter again when it was reported in *Hansard*, I was not entirely satisfied with the Minister's response. Further reassurances are required before we feel it right to withdraw the amendment, because some sections of local government will continue to worry if the amendment is not passed and if further reassurances are not given.

The amendment in no sense tries to expand the powers of local government, which is one of the confusions that arose in Committee. The Minister appeared to feel that we were trying to expand the powers of local government. That was not the point of the remarks made by my hon. Friend the Member for Sutton and Cheam at the time, and it is not the point of amendment No. 1.

The amendment simply seeks to clarify the extent of the Bill and to ensure that it is wide enough to cover all those aspects of local government performance which I believe that the Government intend it to cover. In that sense, it is a helpful amendment, which tries to take out of the Bill that which might otherwise be a part of it and that leaves some of the potential contractors of local government in doubt whether local government really has the powers that it seems to think it has.

In her reply, the Minister said:

"the word 'functions' in the Bill covers both duties and discretions."—[*Official Report, Standing Committee B*, 1 July 1997; c. 12.]

That does not appear to be a normal definition of the word "functions," and it is unlikely that the Bill could be interpreted in exactly that way in plain English. I therefore ask for further clarification from the Minister.

I believe it is fair to say that the Bill talks only of functions that are conferred or imposed by statutory provision, and if the amendment is to be withdrawn the Government must explain how the Bill can cover the potential use of some discretionary functions by local government—especially, perhaps, those new functions that may not yet have been thought about. New ideas are always emerging on what local government may wish to be involved in, as new technology comes into use, and the Bill should cover any such new functions in which local government may be involved in future.

If the purpose of the Bill is as I understand it to be—to reassure potential contractors that they may go ahead with their contracts in the full assurance that they will be paid even if, on occasion, local government appears to have acted ultra vires—the amendment can only help the Bill to secure its true purpose. It will make it plain that the Bill does cover all the potential aspects of local government involvement, not only—as appears to be the case at present—those that are specifically laid down as the functions of local government directly in statute.

Mr. Eric Pickles (Brentwood and Ongar): I do not intend to detain the House long in considering the amendment, but as it is my first time at the Dispatch Box—

Mr. Nicholas Soames (Mid–Sussex): First-class man.

Mr. Pickles: I thank my hon. Friend. I hope that I shall be here long enough to enjoy it.

What the Liberals said on Second Reading and in Committee has changed a little; at first they talked about a general power of competence and now they say that they want to extend it because they want to be sure that it covers everything.

I clearly recollect what happened in Committee. Several times I asked the Minister for Local Government and Housing whether discretionary powers were covered, and especially whether section 137 of the Local Government Act 1972 was covered. The hon. Lady was straightforward about that and unequivocal in her assurances that that would be covered.

At a future date, there may be a case for examining the general competence of local government, but I do not believe that it should come about as a result of the amendment. It is true that, if it was decided to reconsider the way in which local authorities receive their powers, something like the amendment would need to be considered, but those with experience of local government and the way in which it approaches matters of general competence believe that what we need is a clear statement of powers and responsibility, and the Minister, in fairness to her, gave the Committee precisely that. We need to understand where responsibility lies in local government and in terms of the council tax payer.

Local authorities have generally used the test that is set down in section 137 of the 1972 Act, which is one of direct benefit. There must be a clear demonstration that it is to the benefit of the local community or a substantial part of the local community or a substantial geographical part. It seems to me that, in ways of operating, powers are best left in terms of "must" or "may" take action, in recognition of the fact that there is always scope for ambiguity. That is why section 137 of the 1972 Act, and the previous section, section 111, came into existence.

In Committee, the hon. Member for Newbury (Mr. Rendel) suggested that we might try to reverse the position and lay down several exceptions, so that local authorities have a wide power except in the case of the exceptions. I believe that that is the idea underlying the amendment. Arranging things in that way would only

[Mr. Pickles]

result in a long list of exceptions. Would we want a local authority to trade? Probably not. Would we want it to manufacture windows? Probably not. I can, however, think of examples when we might be disposed to allow local authorities such powers—when an authority was in charge of a disabled workshop, for instance. The Liberal Democrat approach will not, I believe, produce any great benefits.

I cannot help agreeing with Professor Grant's feeling that this approach is more symbolic than real. That sums up the amendment, too, and the general attitude of the Liberal Democrats to local government.

The Minister for Local Government and Housing (Ms Hilary Armstrong): The Bill appears to enjoy the support of both Opposition parties, although they disagree about the amendment. I want to be helpful to both parties, if I can.

The effects of the amendment are difficult to ascertain. It would insert new section (1A), lifting its words from section 111 of the Local Government Act 1972. That section empowers authorities to do anything that facilitates

"or is conducive or incidental to, the discharge of"

any of their functions. The amendment would enable authorities to enter into contracts for assets or services when relying on subsidiary powers under section 111, instead of primary powers. I wonder whether the hon. Member for Newbury (Mr. Rendel) realises that the amendment would have that impact.

I fear that ingenious interpretation of the amendment might lure authorities into schemes in which their powers were at best highly ambiguous. The amendment would therefore seem to widen the effect of the Bill, which is not our intention. The Bill does not add to local authorities' powers. Clause 1 is designed merely to make explicit what is already implicit, so that authorities can more confidently enter into contracts in pursuance of their functions.

Where entering into a contract is necessary to help an authority discharge a function, but it is not confident of being able to rely on the provision for the power to enter the contract, the authority could rely on section 111, on the basis that a contract is incidental to or conducive to the performance of the function. There were doubts in some quarters whether the main statutory provision, or section 111, empowered an authority to enter into contracts in all cases.

The Bill removes that uncertainty. It does so by confirming, in clause 1, that the statutory provisions that confer functions also confer power to enter contracts for assets or services in connection with the discharge of those functions. The Bill makes this implicit power explicit. To that extent, inserting the words of section 111 is unnecessary. Indeed, such insertion could add an incidental power to an incidental power, thus augmenting local authorities' powers.

I know that this is getting complex, so I shall provide some examples of what we think might happen. The first concerns an activity permitted under current legislation; clause 1(1) would confirm it. An authority can enter into a contract for the provision and servicing of computers and other office equipment required to discharge its primary functions—for instance, education or social services.

The second example concerns an activity not permitted under current legislation or the Bill, but possibly permitted by the amendment. Under it, an authority might claim that it could enter into a contract connected with borrowing or lending money but unconnected with the discharge of its functions—the very problem identified in the swaps cases, for which section 111 alone could not be relied on to facilitate an authority's actions: there needed to be a primary function.

I hope that that is now clear. We believe that the Bill meets the points made by the hon. Member for Newbury. We are anxious to give lawyers no more of a field day than they will already have with this type of activity. Because the amendment might be interpreted as providing another incidental power, I believe that it goes against what we are all aiming for. I therefore hope that the hon. Gentleman will be reassured enough to withdraw his amendment.

Mr. Rendel: I am grateful to the Minister. The hon. Member for Brentwood and Ongar (Mr. Pickles) appears to have missed the point of the amendment, which is not about a power of general competence. I thought that I had made that plain—good though it might be to introduce such a local government power, that is irrelevant to this amendment.

The Minister said that the amendment would add a power to local authorities in some cases—she mentioned monetary transactions. It was certainly not my party's intention to add to local authorities' powers, and I accept that the Minister is worried about that. Instead of pushing on with the amendment at this stage, it may be sensible to withdraw it for the time being.

I nevertheless hope that the hon. Lady will seriously look again at a possibility that she seems to discount. The legal advice of local government bodies is that there is still a problem in the Bill, in the sense that it may exclude some local authority contracting with external contractors. I am sure that we are at one in wanting to overcome such a problem, if there is one, and it would be wise of the Minister to examine it again. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 3

THE CERTIFICATION REQUIREMENTS

Mr. Paul Burstow (Sutton and Cheam): I beg to move amendment No. 2, in page 3, line 16, at end insert—

'(3A) A person signing the certificate on behalf of the local authority shall in doing so be under no duty to any party other than the local authority on behalf of which he has signed.'.

I have read and reflected on the discussions that took place in Committee, in particular the comments of the Minister in this respect. I still believe that the case law to which I referred in Committee—the case of Burgoine and Cooke *v.* London borough of Waltham Forest—raises serious questions.

The Minister reassured us in Committee that there would be a serious problem with negligence only if officers could be regarded as having acted in bad faith.

My reading of the Waltham Forest case is that the officers who were held to be liable in negligence were in no way acting in bad faith. I fear that that judgment may impinge on the working of the Bill once it becomes an Act. I tabled the amendment to make it clear in the Bill that the officers who certify these contracts are responsible only to their local authority and to no one else. That is the best way to offer legitimate protection to local government officers in carrying out their role as advisers to, and servants of, local authorities.

If the wording of the amendment is imperfect but the point is valid, I hope that the Minister will find some appropriate wording to reassure officers who will sign those certificates.

7.30 pm

The Minister for London and Construction (Mr. Nick Raynsford): I hope that I can persuade the hon. Member for Sutton and Cheam (Mr. Burstow), who moved the amendment in a constructive and sensible way, that in practice his fears are groundless and the amendment is not required. The amendment appears to be based on the misapprehension that the Bill can somehow increase the potential vulnerability or exposure of council officers to legal action. The Bill does not do that.

Local council officers who carry out their normal duties in good faith are not liable to third parties for the acts of a local authority, even where those acts turn out to be ultra vires. The Bill does nothing to add further burdens. Officers will be no more liable in signing a certificate than in putting their name to the contract to which it relates. I am sure that they will exercise the same care in signing certificates as they do at present in binding the authority under any contract or other transaction.

There are no real grounds for concern, in connection either with the kind of contract for which the certificate might be given or with other contracts. We would not want to throw misplaced doubt on officers' positions in the generality of their activities by making a provision—in the form of the amendment—affecting the certifying of some contracts.

The hon. Gentleman raised the case of Burgoine and Cooke *v.* London borough of Waltham Forest. The problems in that case were of a very different nature and flowed from the authority's lack of capacity to set up a particular company and appoint its officers as company directors. It was not concerned with the day-to-day activities of an officer, of which certification would naturally form a part. The officers in that case were acting not as local authority officers but as company directors, and that difference created the problems.

I hope that the hon. Gentleman accepts that we have given this matter serious consideration. We do not wish to create a situation where council officers are exposed to the risk of litigation or liabilities simply through exercising their normal functions in good faith and in a proper way. We are satisfied that there is no risk of that. I hope that the hon. Gentleman will therefore not press the amendment.

Mr. Burstow: I am grateful to the Minister for his response. It is important to put such a matter clearly on the record. If, in the unlikely event that the courts look into this matter, the fact that it is set out in *Hansard* will undoubtedly be of great benefit to judges in deciding what we legislators were attempting to achieve through the Bill.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 5

SPECIAL PROVISION FOR JUDICIAL REVIEWS AND AUDIT REVIEWS

Mr. Burstow: I beg to move amendment No. 3, in page 4, line 15, at end insert—

'(3A) Before making a determination under subsection (3), a court shall have regard to the consequences for the parties to the contract of such a determination arising from provision made in any relevant discharge terms relating to the contract.'.

I shall be even more brief on this amendment, but I look forward to hearing the Minister's detailed response. I raised this matter in Committee in the clause stand part debate, and I remain concerned about it. It concerns a court's power, and what the court will take into account, when considering contracts and whether they are ultra vires, and the consequences for local authorities and therefore council tax payers if the discharge clause comes into effect.

The discharge clause in the Bill could place on local authorities a heavy burden, which would be passed on to council tax payers. The amendment would include in the Bill a provision requiring judges to take the impact on council tax payers into account when assessing whether a contract should be allowed to continue to operate. Although I listened to, and later read, the Minister's comments in Committee, I am not yet convinced that judges will be able to act as I hope. I want an assurance that the amendment is not necessary, but I believe that it is.

Ms Armstrong: As the hon. Gentleman noted, the Bill deals with the possibility that, in the unlikely event of a contract being subject to audit review because it has been successfully challenged, a heavy burden will be placed on council tax payers. It is precisely for that reason that the Bill has been drafted as it has. The Bill makes it clear that, before entering into a contract, a local authority must have assured itself that it will be acting within its powers. The Bill is constructed so as to ensure that that happens.

I appreciate that the hon. Gentleman wants to be helpful and that he seeks to ensure that, in the unlikely event of a certificated contract being subject to audit review, a court, when considering the setting aside of a contract, is required to act as on judicial review and therefore take full account of all the circumstances. Clause 5(3) already requires a court to act as it would on judicial review and the court will take account of all circumstances and arguments that can be presented to it about the contract and its effect on the parties if it is set aside.

There is a danger that, if one factor, such as that emphasised in the amendment, is stated in the Bill, it will have the opposite effect and raise doubts about what the court should consider in the contract. We are trying to ensure that the court properly considers what the contract contains and what, in the context of the case, is proper for the court to consider. We therefore want to ensure that the Bill properly addresses that. We shall continue to listen to and hear representations, but the hon. Gentleman's intention is accounted for in the Bill. The amendment could make matters more difficult rather than ease the path.

[Ms Armstrong]

I wish to be helpful to the hon. Gentleman. Had I been assured that the amendment would improve the Bill, I would have been much more sympathetic. We cannot accept the amendment because it would probably make matters much worse. The judge would have to address that specific issue rather than the context within which the contract had proceeded, and therefore the common-sense view of what the contract sought to do and what was in the best interests of the council tax payer.

Mr. Burstow: I am grateful to the Minister for that full response. My intent is to improve the Bill, not to stop it or wreck it, and certainly not to create a situation in which a judge's hands would be more tied than necessary. However, I welcome the fact that the Minister is willing to consider how the intention of my amendment could be given effect. I hope that, perhaps in another place, the Government will take the opportunity to introduce wording that they find acceptable and that would achieve the intention of my amendment. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Order for Third Reading read.

7.40 pm

Ms Armstrong: I beg to move, That the Bill be now read the Third time.

It is with great pleasure that we come to the Third Reading of what I admit is an exceptionally complex Bill. None of us is certain that what we want from the Bill is what we will end up with. Unfortunately, that is the nature of such legislation. The previous Government had much experience of that with a Bill on the national health service and the private finance initiative. In the week in which the election was called, they admitted that that Bill did not meet the needs that they had intended it to meet. We are now considering a further Bill relating to that.

It is important to restate what the Bill does and what it does not do. Its purpose is to remove an obstacle to successful local authority public-private partnerships.

The Bill does not change the fundamentals of the law. It does not add to local authorities' existing powers. Equally, there can be no question of it rendering ultra vires transactions that have always been within authorities' powers. It merely makes explicit what was already implicit: that local authorities can enter into contracts in pursuance of their functions.

Mr. Tony Colman (Putney): May I declare an interest as chair of 4 Ps—the Public Private Partnerships Programme—and ask my hon. Friend whether she would support an experiment, a pathfinder project, for the use of PFI in HRA housing. I believe that that could lead to best value, and 4 Ps has established that there is support from financial institutions. Would my hon. Friend support such an experiment?

Ms Armstrong: I am grateful to my hon. Friend, who probably has more experience than any other hon. Member of the matters covered by the Bill. I should be happy for the Government to work with 4 Ps on a pathfinder project for housing. We are always looking for ways in which we can draw in private sector money to increase housing capacity. I thank my hon. Friend for his constructive suggestion.

The Bill deals with a certification procedure, which does not permit authorities to act ultra vires. It does not give them immunity from challenge in public law by a taxpayer for entering into deals that are outside their powers. It does not restrict the auditors' right of challenge.

The certification procedure enables authorities to say to contractors, and to financiers who are backing deals, that, to the best of the authority's knowledge and belief, the deal in question is within powers.

The Bill also provides contractors and financiers with the assurance that if, at some later stage, there are proceedings to enforce the contract, the authority will not then be able to claim that the deal is ultra vires. However, should the deal none the less be found to be ultra vires, the authority will have to recompense the other parties to the contract.

For those reasons, the Bill has been welcomed by the finance community. The other partners are also extremely important.

What is in the Bill for local authorities? First, it provides a valuable clarification that statutory powers carry with them a power to enter into associated contracts for assets or services, or both.

Secondly, the Bill means that authorities will be able to give assurance to potential partners in innovative partnership schemes that if, after certification of a scheme and in the unlikely event of the scheme nevertheless being found to be ultra vires as a result of a challenge in public law, the provider and the bank will be protected. The local authorities understand that. They know that they will have the responsibility to ensure that schemes that they enter into are within their powers.

It has been suggested that certification will be too burdensome, and will entail additional requirements. We do not believe that it will be complicated or burdensome. It should reflect the process of considered assessment that an authority will have to go through in any case, and which an authority should undertake before entering any partnership agreement.

The certification process will focus specifically on powers. For that reason, it is not the appropriate vehicle for giving assurance about other matters, important though those may be. It need not be cluttered up with details of risk transfer, procurement processes, planning matters and so on. The authorities should address those issues, but in another context.

We do not believe that certification adds to officers' liability. I know that that has been a particular concern of local government officers and of Liberal Democrat Members. On the contrary, by clarifying authorities' powers, the Bill is likely to reduce the risk that officers entering into contracts, especially innovative partnership deals, might inadvertently act ultra vires. Signing the certificate carries no more liability than signing the contract to which it relates.

There is every reason why local authority officers will act in good faith in going about their business. If they act in good faith, honestly and without malice, they will have nothing to worry about.

I welcome the hon. Member for Brentwood and Ongar (Mr. Pickles) to the Dispatch Box, and apologise for not doing so earlier. It is one of the better innovations of the

new Conservative party that Back Benchers are being encouraged to join Front-Bench teams on appropriate occasions. This is such an occasion. It is a pity that the hon. Gentleman has been left on his own—no, I see the that hon. Member for Eastbourne (Mr. Waterson) is also present, and I welcome him. I am sure that his support is of great encouragement to the hon. Member for Brentwood and Ongar.

It might seem entirely reasonable for parties to contracts to agree not only to the issue of certificates, but to their content. However, any amendment along those lines, although apparently innocuous, would destroy the Bill's good effect. If contractors and banks had to agree that schemes were intra vires, rather than just relying on the authority's opinion, they would be tied into the decision-making process. They would have to form a view, when they would prefer not to do so. Not only would contractors and banks not be well placed to form an opinion, but they would have to exercise due diligence in expressing a view. The Bill aims to protect financiers and contractors in the unlikely event of authorities' making a mistake about whether contracts fall within their powers.

I believe that the Bill will achieve the stated aims of all hon. Members. We want to engender confidence in the contracts that local government will sign with the private sector. This is a very important development for local government, because it is about the future of local services to local taxpayers. I commend the Bill to the House.

7.50 pm

Mr. Eric Pickles (Brentwood and Ongar): I thank the Minister for her kind remarks. I forgive her for not making them earlier—no doubt she was struck dumb by the sight of me at the Dispatch Box. I also thank the hon. Lady and the Minister for London and Construction for the courteous way in which they conducted business in Committee.

I agree with my hon. Friend the Member for Christchurch (Mr. Chope): it is a great pity that we have not heard much from Government Back Benchers in this debate. It is also a pity that the hon. Member for Putney (Mr. Colman) did not serve on the Committee. Committees are often stuffed to the gills with people who know nothing, and care even less, about the subject under consideration. The hon. Gentleman is an expert on whom we could have leaned. We could have listened to his advice, and probably concluded our deliberations much sooner. I hope that he will speak on this subject in the future—in fact, I look forward to hearing from him in a few moments.

This is an uncontroversial Bill, and we shall not divide the House on it this evening—although it is not terribly wise to send Labour Members home just yet. The debate on the Bill was quite exciting. At times, I expected to see great shafts of light issuing from the ceiling and cherubim and seraphim dancing in it, because this is the stuff of the road to Damascus. The Government have a new enthusiasm for private finance initiative projects. In the past few years, I have listened to Labour Members of Parliament and parliamentary candidates describing the wickedness of the PFI, which they called a waste of taxpayers' money.

However, there is now a new enthusiasm for the PFI. PFI projects worth about £7 billion are in the pipeline, thanks to the Conservative Government. I recall Labour Members' cynicism about the PFI and the vitriol that they aimed at it—but that was then, and this is now.

The Government have embraced existing legislation that was prepared for a Conservative Government, which complements perfectly the 1997 local government capital finance regulations. Hon. Members referred to several high-profile court cases that sent a shiver down the back of the banks and financial institutions. Partnership agreements were found to be unenforceable and banks suffered losses, seriously harming confidence in local authorities as serious risks.

We have heard a little about the Waltham Forest and Allerdale cases. Contracts that had been entered into were found to be null and void because the local authority lacked the necessary credits. The repercussions were quite serious. The company had no recourse to legal action, and was saddled with considerable bad debts. The company in the Allerdale case is pursuing individual councillors as company directors. I have some sympathy—as do Labour Members—for those councillors who sought professional advice and were badly let down by their advisers.

The Bill provides clarity where there was doubt, and parties now know where they stand. The public will know where they stand, thanks to a concession secured by my hon. Friend the Member for Christchurch that will ensure that documents are open for inspection.

I have referred to the road to Damascus, but perhaps it might be better to regard the legislation as the manifestation of a crate culture in the Labour party. Hon. Members will recall that, during the second world war, the American air force parachuted crates on to remote Pacific islands in order to look after their fliers who might be stranded there. The islanders created a new religion from that activity, and the same sort of thing is happening with the PFI. The PFI is being bandied around the Chamber as the solution to every problem: if we need a new hospital, call for PFI; if we need a new tube network or a new school, call for PFI. The scheme seems to have no limitations.

However, the PFI has limits. It transfers the risks, and offers the opportunity of new finances for public services. That risk transfer allows the release of provisions that were needed in order to deal with that risk. However, although the PFI brings new finance, it certainly does not bring new funds for local authorities. It is simply a rescheduling of debt. New funds can be created only through the release of real resources—and the PFI does not do that.

During the recent debate on the future of the London underground, I likened the PFI process to that of a person buying a home: the building society provides the finance, but the purchaser provides the funds. Companies that enter into contracts with local councils will be seen to enjoy a special relationship. We must consider carefully the way in which the Bill will operate in practice. We must be absolutely certain that no special favours are shown to those who enter into contracts with local authorities.

When that issue was considered in Committee, the hon. Lady referred to local authorities as having the powers of planning authorities and of those who enter into contracts. She seemed to suggest that that situation was well

[Mr. Eric Pickles]

established. However, she has since retreated from that position. In her winding-up speech today, she said that there was no need to consider the situation, as it was well established.

I have read her remarks in *Hansard*, and I believe that we will have to re-examine the matter in another place by way of certification and through greater openness because of problems with planning gain. The situation is slightly different from that suggested by the hon. Lady. Earlier this year, the Department of the Environment issued a circular, which made it clear that,

"To retain public confidence, such arrangements must be operated in accordance with the fundamental principle that planning permission may not be bought or sold. This principle is best served when negotiations are conducted in a way which is seen to be fair, open and reasonable".

What better way to achieve to achieve that than in the process of certification?

I have the smallest criticism of the previous Government, because one point was left open on planning problems. I am sure that the Minister would like me to mention it.

When an important company cosies up to a local authority, officers from the council and the company will inevitably get to know one another, and in many ways the arrangement almost becomes an extension of the council. The recent case of Tesco *v.* the Secretary of State for the Environment shows that, if an authority decides not to follow the guidance, and the application is not called in, the local authority does not have to follow Government guidelines. Perhaps we shall have to come back to the important—

Ms Armstrong: I should like to help the hon. Gentleman. He may know that Lord Nolan has today published his third report on local government. He makes recommendations about how planning decisions are made and handled. We shall consult widely on that in the light of the report, and will therefore be able to return to some of the issues that we discussed in Committee. I do not believe that those issues need detain us at the moment, but we shall take any recommendations seriously and consult on them.

Mr. Pickles: That is most helpful. In Committee, the hon. Lady said that the issue was one of certification, and had nothing to do with planning. If she is moving from that position, that is marvellous.

Ms Armstrong *rose—*

Mr. Pickles: I hope that the hon. Lady is not going to disappoint me by retracting.

Ms Armstrong: I am trying to be helpful. What I have just said does not interfere with what I said about certification. We shall deal with any concerns about planning issues through consultation and our response to the Nolan committee. I do not want the hon. Gentleman to run away with the thought that we are not serious about that, but nor do I want him to think that we shall have to come back to the Bill with subsequent amendments. The Bill deals adequately with the situation. Planning issues will have to be dealt with in the other way.

Mr. Pickles: I cannot imagine the hon. Lady being anything other than helpful. She claims that what she has just said does not interfere with what she said in Committee, but it slightly contradicts some of what she said before.

The public would expect to know about the state of planning in certification. I cannot put that better than Mr. Charles Kirkman did. He is quoted in the Nolan report, setting out the problem that we are asking the Minister to address. He said:

"I appreciate that this is a difficult problem to solve but it does appear in principle wrong, that councils should determine planning applications, in which they themselves have a strong financial interest. Even if a theoretical division of development and planning functions were introduced, it would be difficult to implement under a single Chief Executive."

I share that view. I recognise that the hon. Lady will want to return to the Nolan recommendations, but we must consider the issue. We all felt deep shame when we read this morning about the problems of Doncaster council. The problem is not just the level of corruption in Doncaster, but the apparently cosy relationships between developers and councils.

I repeat that we do not intend to press for a Division, but we expect the Government to look carefully at the difficult issues of conflicts of interest.

8.4 pm

Mr. Tony Colman: I congratulate the Government on the speed with which they have brought the Bill forward. We must remind ourselves that it is still only 68 days since the general election. As chairman of 4 Ps, I know that there was no Bill ready to inherit. For some time, 4 Ps had been asking for one, representing local authorities and the private companies working on PFI projects. Bringing the Bill forward so rapidly shows the Government's determination to do business and to ensure that public-private partnerships flourish between local authorities and the private sector.

I was surprised to hear the hon. Member for Brentwood and Ongar (Mr. Pickles) talk about a Damascene conversion. That conversion has really been on the other side. My right hon. Friend the Member for Hull, East (Mr. Prescott) started down the road towards the private finance initiative back in 1991. It is important to remember that it is a Labour party idea. We are now going to demonstrate properly how it can be carried into local government and other areas.

I am pleased that the Opposition do not want to press for a Division, and that they support the Bill. I hope that the slight threats issued by the hon. Member for Brentwood and Ongar do not presage possible changes in another place. I am concerned, because the private sector and local government want to get on with the projects. We want to give local government and the private sector the assurances in the Bill.

Credit is due to officials at the Department of the Environment, Transport and the Regions and at the Treasury, as well as to the 4 Ps legal forum. In particular, I pay tribute to the work of Paul Bryans and Peter Fanning, the new chief executive of 4 Ps, for their work

in preparing the Bill. We have had to concertina the consultation, but local government and private sector lawyers were fully involved. There were 24 Government amendments in Committee, showing how those views were taken into account. As a humble Back Bencher in the Government party, I take pride in the Bill, which I believe will be acceptable to those to whom it will apply.

Clifford Chance—one of the largest legal practices in the United Kingdom and a member of the 4 Ps legal forum—has welcomed the Bill, calling it a

"quick fix response to current uncertainties about local authority powers"

and

"an improvement on the present position."

Many other legal practices, including Evershed, have echoed that strong endorsement of the Bill as a way forward.

The Bill has clear, limited objectives, addressing the concerns of private companies wishing to do business with local authorities. Those objectives were drafted against an extremely complex framework of local authority legislation and regulation. As a former leader of a local authority, I can vouch for the difficulties that the Bill has had to confront to fit in with that legislation. Some Opposition amendments could not be taken on board.

The Bill appears to meet its limited objectives admirably. However, the private finance initiative is a new and developing approach for local government. It would be imprudent to rule out the possibility of further legislation being needed should gaps emerge as ideas for public-private partnerships develop. I have every confidence that the Government will be ready to act if the need arises.

8.8 pm

Mr. Burstow: I shall try not to detain the House too long, but I should like to raise several points that were mentioned earlier but remain of concern.

First, I should like to pick up one or two of the comments by the hon. Member for Brentwood and Ongar (Mr. Pickles). He remarked on the Government's Damascene change of attitude on the PFI. We seem to have witnessed two roads to Damascus this evening, as he made some refreshing and honest comments on the validity and value of the PFI as a significant way of levering private finance into local government. I was grateful to witness two Damascene changes of belief tonight.

Secondly, the hon. Gentleman referred to our discussions in Committee about the need to be concerned about conflicts of interest that might arise in determining planning applications. I agreed with the Minister's comments in Committee, and raised concerns that accepting an amendment that would effectively put an obligation on an authority to have regard to its planning decisions in its contracting arrangements could be construed as fettering the discretion of elected members of local authorities in discharging their planning responsibilities. I would not wish that to be included in the Bill in any way, shape or form.

The hon. Gentleman and the Minister referred to the third report of the Committee on Standards in Public Life, and particularly to the section dealing with potential conflicts of interest. I draw attention to the conclusion of that section of the report, which states:

"Our conclusion is that the balance struck at present between local autonomy and central guidance and supervision is broadly correct. The Department of the Environment must however be kept fully informed and show due diligence. It must not hesitate to step in if public disquiet is clear. Respect for local autonomy is a good principle, but it has led the Department to fail to respond to serious local concerns in the past."

The report then makes two specific recommendations, to which I am sure the House will return.

The question of autonomy goes to the heart of what the Bill should have been about. It has been our contention throughout its passage that an opportunity has been missed to pursue something in which we believe passionately, and which we thought, in a measured way, the Government also supported—the idea of extending to local authorities a power of local competence or, as the Labour party calls it, a power of local initiative. We were hoping that the Bill would provide an opportunity to engage with the Government on how we might achieve that end.

We do not agree with the view advanced by Ministers and shadow Ministers that a power of general competence is an illusion, and is simply symbolic. In evidence for that belief, we point to the many examples of powers of general competence that operate in other European countries that cherish and protect their local government in a clearer constitutional framework than ours.

I was grateful to the Minister for giving us on Report assurances in respect of the potential for exposing officers to liability for negligence. However, we regard the Bill as something of a red herring. That is not just because we believe that a power of general competence would address many of the issues that have caused concern in the business community in terms of the ability to enter into binding contracts with local authorities.

We also believe that the Government have slipped into the same habit that the previous Government had, of imposing duties on local authorities rather than giving them discretions. We fear that, although the Minister has told us that the Bill imposes no new duties, we should have done one of two things tonight. Either we should have implemented a power of general competence, or we should have sought to clarify the law in respect of the powers and duties of local authorities. The Bill forces the obligation on to local authorities, and creates a cumbersome and bureaucratic procedure.

Like the official Opposition, we have no intention of dividing the House as we believe strongly that although the Bill is imperfect, it provides some reassurance to the private sector and in that sense it represents a useful safeguard. However, if the Government are serious about building a new relationship with local government over the next few years, as I am sure they are, because they have many friends and colleagues in local government—they probably want that relationship to extend beyond the Labour party—they have to engage in a serious discussion about what a power of general competence might mean, as many in local government—not just from the Liberal Democrats but across all parties—believe that it is an appropriate next step.

Mr. Deputy Speaker (Mr. Michael J. Martin): Order. The hon. Gentleman should not be discussing next steps. On Third Reading, he should discuss only what is in the Bill, and not what should be done in future.

Mr. Burstow: I am still on a learning curve in respect of the procedures of the House, Mr. Deputy Speaker. Please forgive me for not being aware of that.

[Mr. Burstow]

In conclusion—[HON. MEMBERS: "Hear, hear"]—I thought that those words would be popular. We still regard the Bill as a rather crude and dirty measure. We do not believe that it achieves everything that is necessary, but we see it as a stop-gap that we hope will reassure the private sector. However, given the comments by Ministers that they are uncertain whether it will provide all the necessary assurances, we have our doubts. We remain to be convinced that we will not need to make further amendments to the legislation to provide further reassurance to business. That seems to be entirely the wrong approach.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

SELECT COMMITTEES RELATED TO GOVERNMENT DEPARTMENTS

Ordered,

That Standing Order No. 152 (Select committees related to government departments) be amended—

(1) by leaving out items 3, 4, 10 and 15 in the Table in paragraph (2) and inserting the following items at the appropriate places:

'Education and Employment/Department for Education and Employment/17/5';

'Environment, Transport and Regional Affairs/Department of the Environment, Transport and the Regions/17/5';

'International Development/Department for International Development/11/3';

(2) by leaving out line 10 and inserting the words 'The Education and Employment Committee and the Environment, Transport and Regional Affairs Committee shall each have the power to appoint two sub-committees; and the';

(3) in line 25, at the end, by inserting the words 'and to lay upon the Table of the House the minutes of the proceedings of sub-committees';

(4) in line 36, after the word 'House', by leaving out the word 'and'; and

(5) in line 37, after the second word 'place', by inserting the words 'to report from time to time the minutes of their proceedings, and to meet concurrently with any committee appointed under this order or any sub-committee thereof for the purposes of deliberating or taking evidence'.—*[Mr. Graham Allen.]*

SELECT COMMITTEE ON PUBLIC ADMINISTRATION

Ordered,

That Standing Order No. 146 (Select Committee on the Parliamentary Commissioner for Administration) be re-named 'Select Committee on Public Administration'; and that the said Standing Order be amended, in line 7, after the word 'therewith', by inserting the words 'and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service'.—*[Mr. Graham Allen.]*

Low Flying (Northumberland)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Graham Allen.]*

8.16 pm

Mr. A. J. Beith (Berwick–upon–Tweed): I welcome the Minister to his new responsibilities at the Ministry of Defence. He will often be preoccupied by the issue that I am about to raise in relation to various parts of the country, but I shall seek to show that the position in Northumberland is especially difficult.

Most people in Northumberland accept that low-flying training is necessary and that we have to take a share of it. The issue is how much and what limits and controls there should be. It has been a local issue not only during my twenty-three-and-a-half years as a Member of Parliament, but during the time of my predecessor who changed from being one of the hon. Members complaining about low flying to being the Minister with responsibility for these matters, who had to sign the letters explaining why it was essential.

I acknowledge the assistance that I have received from the Royal Air Force, the RAF police and the Ministry of Defence in dealing with the great deal of correspondence and the many inquiries that the subject generates and in securing avoidance of major equestrian events by low-flying aircraft.

The problem in the public mind is low-flying military jet aircraft. We also have extensive low flying by helicopters, but that does not create as much public anxiety, partly because helicopters do not appear so suddenly and partly because of the perceived high value to the community of the search and rescue work by RAF Boulmer. Indeed, the helicopters earn applause and enthusiasm when they visit local events. Nor do the Hercules low-level transport flights arouse great public concern except when they are involved in evasion exercises that also involve Tornado F3s.

The difference lies in the speed and the surprise or shock created by the sudden appearance at close quarters of a fast jet fighter or two jets chasing each other. Motorists are taken aback when aircraft appear below them when they are driving on the hillside roads. Horse riders fear for their safety. Many people feel that their isolated house or the landmark close by is being used as a target, attracting a succession of dry-run approaches right at the minimum permitted height limits. It is notoriously difficult to judge the heights accurately, and speed makes identification difficult if a member of the public wants to make a complaint.

For many years, it was impossible to get figures for the number of flights taking place but, in March, the Ministry of Defence produced a report on the geographical distribution of military low-flying activity in the United Kingdom. I have been making use of the figures, which show that Northumberland gets a greatly disproportionate share of low flying. I should like first to ask some questions about the figures themselves.

My constituency is in low-flying area 12, with slight overlap from areas 16 and 13. It includes an area where flying can take place not merely down to 250 ft but right down to 100 ft. The figures are dramatic enough so far as Northumberland is concerned, but they do not show the further impact of night low flying, and might be

artificially reduced by the exclusion of sorties, which are primarily over the sea or mainly, in the case of Tornado F3s, at medium height—although in both instances some of those sorties will include low flying. Will the Minister confirm whether I am right in assuming that, if such qualifications of the figures had not been made, Northumberland's share would appear even higher? It is also unclear whether the figures include operational low flying which is below 250 ft.

The MOD's figures for 1996 show that, taking 100 per cent. as the average figure for fixed-wing low-flying intensity in the 15 areas included in the UK low-flying system, Northumberland—area 12—had 301 per cent. No other area had more than 175 per cent. One has to bear in mind that those are the averages for areas where military low flying is permitted and do not include London or the Thames valley. Moreover, within each area, there are exclusions around airports and centres of population.

In area 12, low flying is concentrated in the area between Morpeth and Berwick and in the Tyne valley. To some extent, the figure might be particularly high because the area provides access to the Otterburn and Spadeadam ranges, although low flying in those areas is much less intense than over the coastal strip of Northumberland. I put it to the Minister that, precisely because we have and accept obligations in support of the ranges at Otterburn and Spadeadam, which are important to Northumberland, there should be some compensating reduction in the amount of other military low flying that is allowed over area 12.

In 1979, there was a substantial reorganisation of low-flying areas, and that was supposed to lead to a more even distribution and, therefore, a reduction in intensity over Northumberland. That it did not was primarily due to the introduction of the Tornado aircraft, which doubled the amount of low flying. The report concerned said that the withdrawal of some units from overseas stations to the United Kingdom

"should result in no noticeable increase in the amount of low flying in the UK."

In an article in *Scotland on Sunday* in May 1996, Malcolm Spaven predicted a 10 per cent. increase arising from the RAF's withdrawal from Germany. He has also referred to the amount of low flying by aircraft from allied countries, which is not on a reciprocal basis but may be in return for cash payments or supply of equipment, or generated by the need to promote greater use of the Spadeadam range by other countries so as to support its continuance.

I am told that Italian aircraft use the low-flying facilities despite refusing similar facilities to the RAF in Italy. Furthermore, the RAF does not appear to have been allowed to make full use of the opportunities that it could have in Goose bay facilities in Canada. The Dutch and German air forces use those facilities, which are expensive to maintain, and I believe that they could relieve some of the pressure on Northumberland.

What particularly annoys the inhabitants of Northumberland is to be told that they have to accept most of the low flying because it needs to be over uninhabited areas. The area is not uninhabited. Northumberland is sparsely populated, but more than 200,000 people live there and hundreds of thousands of tourists are to be found there, especially on the fine days that are favoured for low flying.

To the extent that there is a risk, it is a risk to the towns and villages and activities of Northumberland, just as it would be to anywhere else. As the RAF would want to point out, however, the risk is very low indeed, and those most at risk are the courageous and highly skilled men and women who fly the aircraft. There has, of course, been a substantial loss of aircraft from accidents over the years, although thankfully not of aircrew or civilians.

The disturbance is a much more apparent problem than the risk. Since we all benefit from air defence, we should all share as far as possible the disturbance that is required to maintain it. That seems a reasonably fair principle. Whether we live in a sparsely populated area or in a more populated area, we all benefit from the defence capability that is being maintained, so we should all share in the disturbance which it generates.

The exception must be areas where low flying is incompatible with civil aircraft activity. Indeed, those who live on the flight paths of civil airports put up with considerable disturbance. I see and hear more aircraft from my London flat than I do from my home in Northumberland, since they go into Heathrow at about one a minute. Some low-flying areas are, however, not carrying a fair share of the burden, and within LFAs, there may be too many exclusions, some of which are out of date or unjustified.

I was very pleased to get a letter dated 9 June from the Secretary of State, in which he said:

"It is clear from my Department's recent analysis of the distribution of military low flying in the UK that in recent years our use of airspace in the north-east has been heavier than we would have . . . liked. I can assure you that my Department is looking to see what can be done to achieve a more equitable balance for the future."

That is a very important and honest admission. I therefore look to the Minister to put some initial substance on that promise.

Does the Minister accept, as the Secretary of State clearly does, that Northumberland should not be getting three times the average of military low flying? I ask him to take active steps to see that it is distributed more fairly. In particular, will he tell the House what assessment is being made of the operational importance and value of low flying? There is some argument about this. There are those who say that the air forces of allied countries do not find it necessary to place such dependence on it, but it is clearly a skill that is highly developed by the RAF and one that it believes is important to its combat role.

Will the Minister say whether the total amount of low flying will increase or decrease? What provision has been made for the use of our low-flying facilities by aircraft from other countries on a non-reciprocal basis? I was pleased to note that an exercise involving French aircraft, which was announced the other day, involves reciprocal use by the RAF of facilities in France. What provision is being made to ensure that, when other aircraft come to this country to use our facilities, wherever possible reciprocal arrangements are made?

What prospects does the Minister see for the wider use of simulators in low-flying training—an issue that is regularly raised? Will he seek to make increased use of Goose bay and other overseas facilities? Will he review the exclusions, so as to ensure that those which remain are fully justified? Will he take active steps to reduce Northumberland's share of low flying by redistributing the permitted activity?

[Mr. A. J. Beith]

Those seem to be reasonable requests to put on behalf of a community which acknowledges the importance of the RAF, is proud of the RAF's work, feels it right to share some of the burden of disruption and anxiety that can result from low flying, but believes that that should be a fair share.

8.28 pm

The Parliamentary Under-Secretary of State for Defence (Mr. John Spellar): I thank the right hon. Member for Berwick-upon-Tweed (Mr. Beith) for setting out so clearly and reasonably the concerns of his constituents about military low flying. I hope to cover his specific questions in my reply.

It is some two years since the last debate on military low flying. Tonight's debate therefore gives me a timely opportunity to set out clearly why the ability to fly low continues to be an essential requirement for our armed services in the post-cold-war years and to explain why we must continue to train aircrew in that specialised skill.

It has been said many times that we live in an unstable and unpredictable world; we do. It has also been said many times that we, as a nation, expect to have well trained armed forces ready to defend our interests and those of our allies anywhere in the world and at short notice; we do. Because we have those expectations, we must ensure that when we send our armed forces off to deal with the unexpected, they are able to achieve their objective and take control of the air, at the earliest opportunity.

Why do we need aircrew well trained to fly low and fast? Low flying is a vital element in our armoury of tactics, not just to deliver weapons on target with pinpoint accuracy, but to enable aircrew to penetrate and reconnoitre hostile airspace with minimum risk to themselves. The most effective defence against any aggressor is to attack his capability to make war. Aircraft provide the firepower and flexibility to deny an aggressor the sanctuary of secure bases from which to launch attacks.

Both military fixed-wing aircraft and helicopters have to penetrate modern, capable radar and anti-aircraft air defence systems to do that. An aircraft's best chance of survival against those sophisticated weapons lies in flying very fast and low, using ground contours to escape detection. Flying fast and low screens them from hostile fighter aircraft, missiles and anti-aircraft artillery. RAF air defence fighter aircraft must also be able to fly at low level so that they can, should the need arise, intercept and defend against enemy aircraft using the same tactics. Our aircrew must be able to reduce the effectiveness of an enemy's air and ground defences when required to do so. They must train to be able to do so.

I can assure the right hon. Gentleman that the need for low flying is kept under review. It is an essential tactic for a modern air force and, as I have said, one of the most effective ways of penetrating hostile air defences.

The Gulf war demonstrated so well how low-flying missions by RAF Tornados made an important and unique contribution to coalition air operations. Flying low-level missions because of the threat from enemy air defence systems at medium level, they contributed greatly to the success of the coalition air campaign which achieved air superiority as early as the fourth day. They were a great success flying against heavily defended targets, and that says a great deal for the skill of our RAF aircrews.

Low flying is a specialised and perishable skill. Like other professional skills, it is perfected only through rigorous training and continuous practice in a realistic environment. Without that, it is a skill which, like many others, quickly fades. Although the Gulf war was six years ago, and the threat of an all-out war has diminished, the warning time to prepare for the type of operations to which our forces are now deployed—such as those in Bosnia, and so nearly in Zaire—mostly allows only for the honing of flying skills, not their creation.

Aircrew must attain and continuously maintain a high standard of proficiency in peacetime. We cannot, and will not, put their lives at risk by sending them off inadequately trained, and unprepared for their task. Regular low-flying training is essential if we are to meet our defence commitments. Our Navy, Army and RAF aircrews are rightly respected throughout the world for their skills and professionalism. We are most grateful for the support and understanding that they receive from all parts of the country as they carry out their training.

I assure the right hon. Member for Berwick-upon-Tweed that maximum use is made of simulators, which he mentioned, for those activities, such as cockpit procedures and general handling, for which they are, currently, best designed. Unfortunately, even the most advanced technology available today cannot replicate, or impart the necessary physiological and psychological pressures to substitute for, actual low flying. We monitor carefully modern advances in simulator technology to assess the scope for their use for the future, but, in the meantime, they complement, rather than replace the need for, low flying.

As the right hon. Member mentioned, the United Kingdom low-flying system comprises the open air space of the whole of the UK and the surrounding over-sea areas from the surface up to 2,000 ft above ground level. The normal lower limit for fixed-wing aircraft is 250 ft, even though aircrew are required to fly much lower in operational theatres. The training value of that combat skill degrades rapidly as height increases, and is considered of little value above 500 ft.

A small amount of fixed-wing low flying, down to 100 ft, is permitted in three specially designated tactical training areas in the Borders, which, as the right hon. Gentleman said, is partly in his constituency, northern Scotland and central Wales. The amount of that lower level activity, operational low flying, is limited to that absolutely necessary, and is spread across the three special areas proportionate to their size. It amounts to no more than 1 per cent. of the 110,000 low-flying sorties flown annually.

We realise, of course, that military low-flying training can be intrusive, and we implement various measures to minimise it as far as practicable. The amount is limited to that strictly necessary for aircrew to achieve and maintain operational effectiveness. Most low flying takes place during the daylight hours of weekdays. Public holidays are avoided, as are weekends, as far as possible, although some activity may be permitted then, mainly in support of reserve forces who are unavailable for training during

the week. Night low flying is required to be completed as soon as possible in the evenings, and it is rare for jet aircraft to be permitted to operate after 11 pm.

My Department announced in 1991 a target to reduce the amount of jet low-flying sorties across the UK by 30 per cent. by the end of 1994 against the 1988 baseline. That target was achieved by the end of 1993, ahead of time. It is our intention that the reduced figure will be maintained.

I also wish to reassure the right hon. Member that each request for foreign aircraft to use the UK low-flying system is considered on its merits, taking into account the principle of reciprocity, the mutual benefit of such flying to the UK and our allies, and the wider defence interest. The right hon. Member will know that, wherever possible, we try to inform him, and other hon. Members whose constituencies might be affected, in advance when large-scale exercises are planned, and about unusual activity such as the very low-level operational low flying.

Mr. Beith: Can the Minister say whether some low flying by foreign aircraft is done in return for equipment supplies, use of other range facilities or for other reasons than reciprocity?

Mr. Spellar: As far as I am aware, reciprocity is one of the key elements, but I will note the right hon. Gentleman's comments and look into the situation.

We are unable to inform hon. Members when it comes to the routine day-by-day flying training, since the sorties are generally arranged at short notice to take account of variable factors such as the prevailing weather at the time.

We are frequently asked to avoid overflying certain locations such as schools during examination periods, environmentally sensitive areas, wildlife, bird colonies during nesting time, horse riders, and much of the country during the lambing season. While we are sympathetic to the requests—the right hon. Member mentioned some of them—it would be invidious to accede to some and not others. Granting all the requests would exclude aircraft from large areas of the country for most of the year, making it impossible for us to meet our essential training requirements.

As the right hon. Member will know, there are no uninhabited areas of the UK large enough to meet our essential low-flying training needs, which is not surprising when an average fast jet sortie may cover some 500 to 600 miles. As I said, in principle, the whole of the UK is open to low flying, but certain areas, such as restricted air space around civil aerodromes, glider sites, major industrial hazards, and major conurbations of 10,000 or more inhabitants, must be avoided. With those exceptions, however, it is our aim to spread low-flying training across the whole of the country, thereby spreading the disturbance caused as broadly as possible.

The right hon. Gentleman mentioned reviewing areas excluded from low flying. He can be assured that we carry out a continual review of the UK low-flying system to ensure that it remains properly reflective of current environmental and flight safety considerations.

I shall deal specifically with the position in Northumberland. As the right hon. Gentleman said, most of Northumberland is in LFA 12, with some of the area in the adjoining LFAs 13 and 16. In March this year, my Department published an analysis of the distribution of military low flying activity in the United Kingdom, to which the right hon. Gentleman referred. It did so because the volume and location of low flying had increasingly become the subject of uninformed comment based on inaccurate and misleading information, especially in the media.

In response to the right hon. Gentleman's questions about the abatements used when calculating the figures in the paper, I can say that it is true that, without them, the figure for Northumberland's share would have been higher, but I must stress that that would also have been the case for other low-flying areas across the country.

The figures given represent the amount of activity, including operational low flying, over the land areas that give rise to disturbance on the ground. They provide a clear picture of the intensity of low-flying activity across the country as a whole. We found that the areas that generated the largest numbers of complaints did not necessarily see the most activity.

The analysis showed that, in 1995 and 1996, the right hon. Gentleman's constituents experienced more low flying than the overall average for the country as a percentage, although there was a reduction in the gross numbers. I am afraid that, for a number of valid reasons, it is inevitable that LFA 12 will see a concentration of low flying. Its undulating terrain offers valuable training, and there are a number of training facilities within and close to Northumberland, which the right hon. Gentleman mentioned.

The Otterburn training area provides vital training for our ground forces. Those forces will often be moved into the training area, or supported while they are there, by low-flying support helicopters, air transport aircraft and jet aircraft providing close air support. There is also an air-to-ground bombing range, which is used by ground attack fast jets.

The RAF Spadeadam electronic warfare tactics range and the associated bombing range at Wiley Sike provide excellent training for our aircrew in defence and counter-measure tactics under simulated combat conditions. They are the only such ranges in the United Kingdom and they have proved invaluable in preparing our aircrew for operational deployments. I welcome the right hon. Gentleman's kind comments about them.

Two low-level operational training areas overlie Northumberland. They are used to facilitate the training of air defence aircraft, which conduct combat air patrols in those areas above 2,000 ft, before descending to low level to conduct affiliation training with ground attack aircraft.

There are also a number of geographical reasons why LFA 12 sees more than average low flying training. Aircraft from the many air bases situated on the eastern side of the country, and from our bases in Germany, fly through LFA 12 on sorties to and from the Spadeadam range or low flying areas in Scotland. That is necessary because of the built-up areas and controlled air space in the midlands, Yorkshire and the north-east, over which they are not able to fly. They must also avoid conflicting with other military activity at RAF bases at Leeming, Linton and Topcliffe.

The increase in movements into LFA 12 since 1992 is also due, in part, to a change in the boundary between LFA 12 and the neighbouring LFA 17, which covers Cumbria and parts of Yorkshire and Lancashire. As a

[Mr. Spellar]

result, a narrow band of air space north of the gap, between the controlled airspace around Teesside airport and the RAF Leeming military air traffic zone, known as the Leeming/Teesside gap, became part of LFA 12. In the past, aircraft flying through that gap had to fly through LFA 17; now, they must fly through LFA 12.

I hope that I have made it clear that there are compelling reasons why Northumberland will see more low flying than the United Kingdom average. However, there is a reduction in the overall number of flights.

Mr. Beith: The number of flights may not be much higher than the average, but it represents 301 per cent., which is way above any other figure. Given the specific reasons why some low flying is bound to take place in the area, does the Minister realise that, to give effect to the Secretary of State's intention to achieve a fairer balance, he will have to find ways of reducing the low flying over Northumberland that could take place elsewhere?

Mr. Spellar: The right hon. Gentleman should not have been so precipitate, because I was coming to that.

We are sympathetic to the problems suffered by those in the area: we recognise the burden that they carry. We are not complacent, and we will examine carefully the distribution of activity each year. We do not assume that we can carry out flying training without regard to the intrusion that such activity causes to those on the ground. We will do all that we can to ensure that there is no more flying training than is absolutely necessary.

We said in the published paper that we will try to do better. We have now improved the way in which we routinely record statistics on the daily use of the low flying system so as to manage better the overall distribution of activity. We will say each year how well we are doing in achieving those aims. We will, of course, continue to look for overseas locations in which to train: the right hon. Gentleman mentioned Goose bay. We already make use of the facilities for low flying training in Canada and North America.

One of the results of the work undertaken was last summer's decision to reduce the amount of operational low flying in the Borders area. I am glad to say that we are already achieving that by doing more of that training in the Highlands area, which in the past saw less than its fair share of such activity, in spite of being relatively less densely populated. We will continue to control this activity carefully. I look forward to making available next year the information about the distribution of activity for 1997, and we will continue to provide it annually.

For the reasons I have given, it is simply not possible to promise the right hon. Gentleman that we will be able to distribute all low flying training on a fully equitable basis. Nor can I promise that things will change dramatically and noticeably in the short term. What I can say is that we hope to see a gradual and more even spread of activity. We shall take into account the considerable contribution made by Northumberland.

Low flying is an essential skill for our aircrews. It can be perfected only through rigorous training and continuous practice in a realistic environment. It is vital that our aircrews continue to do that.

Question put and agreed to.

Adjourned accordingly at fourteen minutes to Nine o'clock.

House of Commons

Wednesday 9 July 1997

The House met at half-past Nine o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

European Fighter Aircraft

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Clelland.]*

9.35 am

Mr. Lindsay Hoyle (Chorley): I am grateful for the opportunity to raise the crucial issue of the European fighter aircraft, and I am also grateful to the Under-Secretary of State for Defence, my hon. Friend the Member for Warley (Mr. Spellar), for being here to listen and reply to the debate. It is nice to remember that this is the 60th anniversary of Whittle's jet engine, which was developed in the north-west, so it is an opportune moment to discuss the future of the aircraft industry in the area. Clearly, this issue remains important to many hon. Members, and it is good to see several colleagues here to join the debate. This is also a timely moment to raise the subject once again.

One set of our partners in the project—the Germans—may well take a decision on their participation in the programme at a Cabinet meeting this week, on 11 July. In the past couple of weeks, press reports have suggested that the Treasury is unhappy with the costs of the Eurofighter and is looking to reduce our commitment to it, or to cancel it altogether. Since the Government have given assurances on numerous occasions that the project will proceed, I regard those reports as nothing more than inaccurate. However, it is helpful for the Government once more to have the opportunity to reaffirm their support for the EFA project, and I hope that Ministers from the Foreign and Commonwealth Office and the Treasury will bear in mind the points that are raised in this morning's debate.

The aerospace industry is without question one of the major sources of employment in the north-west, and the EFA is a major aerospace project in the United Kingdom at present.

Aerospace is a major employer in Lancashire, where it forms the backbone of the county's economy. Lancashire represents the largest concentration of aerospace production in the UK. However, it is not only Lancashire that is the beneficiary of this project, as there are more than 100,000 direct employees in the aerospace sector throughout Britain. In total, 500 establishments employ people directly in the aerospace sector. The EFA project includes sites in Surrey, Hampshire, Bristol and Humberside—it is truly a national project.

In Lancashire last year, 13,000 people, or 10 per cent. of the county's total manufacturing work force, were employed directly by the industry in more than 40 different establishments. Lancashire also accounts for 13 per cent. of the national total employment in the industry. In my constituency alone in 1995, 400 people were working in the aerospace industry. Having said that, we must remember that many principal contractors buy in up to 70 per cent. of their requirements. The number of indirect jobs created by the aerospace sector is therefore higher than in many other industries.

Among the major employers are British Aerospace—particularly in Salmesbury and at Warton—Lucas Aerospace, and Rolls-Royce. In addition to the main contractors involved in the Eurofighter programme—British Aerospace, Rolls-Royce and GEC Marconi—there are 32 major equipment suppliers and 60 sub-suppliers involved in contracts for the manufacture of the airframe equipment and engine accessories.

Mr. Eric Forth (Bromley and Chislehurst): Is the hon. Gentleman's entire argument to be based on a job creation scheme, which is what it sounds like at the moment, or will he advance any arguments about the capability of the aircraft or defence capability generally?

Mr. Hoyle: The right hon. Gentleman seems to be a little impatient. Obviously a bad night's sleep has not done him much good—he might get better rest tonight, and become more responsible tomorrow morning.

So far, 11,000 people have been employed in the development phase, and estimates from the industry suggest that the peak of production could provide 16,000 jobs directly and another 16,000 among suppliers of goods and services. However, there are countless other firms and many more thousands of people who are linked directly to the aerospace industry, but not employed in it. For example, there are firms in precision and high-technology engineering and electronics, metals treatment, rubber, plastics, software development and design and testing services. More than 120 companies in Lancashire alone are directly or indirectly linked to the industry.

One example in my constituency is Computer Science Corporation of America. It has sited a new office on the Royal Ordnance factory site in Chorley, which Conservatives should remember as the subject of the disastrous decision that led to the factory's closure. CSC has created 400 jobs there, and is looking to double that number. Those are not aerospace jobs, but are linked to the aerospace industry, and more directly to the EFA. If the EFA were to be cancelled, CSC would have to consider its expansion plans.

Other examples of firms in my constituency of Chorley alone that are closely involved in the EFA programme include: Royal Ordnance, which makes weaponry and ammunition for the project; Lyndhurst Precision Engineering Ltd.; NIS Ltd., which undertakes engineering and design of equipment and is one of the leading firms in Europe in its field; and Xelflex Precision Moulders, which makes engineering and moulding equipment. All those firms play a key role in the success of the EFA project. The aerospace industry in Lancashire has been making purchases of raw materials, components and manufacturing supplies totalling more than £1 billion per annum, and it has spent more than £70 million on industrial services.

The EFA has not had the easiest history, because of changes in the international scene, notably the end of the cold war, and it has faced opposition because of budgetary

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pressures within the partner nations. Most notably, the German Government, faced with the huge costs of unification and the need to cut expenditure to meet Maastricht criteria, dragged their feet on the programme for many years. In fact, in 1995 they denied their commitment, and we are back at the same point today. In mid-1992, Germany announced its reluctance to go ahead with the production as then envisaged and even hinted that it wanted to halt the programme altogether, arguing instead for a cheaper, lighter version.

The Spanish and Italian Governments also dragged their feet, and it was decided to scale down the technical specifications in order to make the version cheaper. After a full review of the specifications and production method, a deal was reached in late 1995: Germany proposed to increase its purchase of Eurofighters from 140 to 180, while the UK would reduce its purchases by 20 to around 230. There has been continuing speculation about German involvement, despite that agreement and despite the fact that Germany is benefiting from 30 per cent. of the production work and will benefit also from future sales of the aircraft. Even now, there seem to be great doubts among certain sections of the German Government and Administration about the importance of the EFA.

I was grateful for the support of my right hon. Friend the Prime Minister, who, in one of his first trips abroad after taking office, went to Bonn and made a point of lobbying Chancellor Kohl for stronger support for the programme. On 18 June, when he came to the House to make a statement about the Amsterdam summit, I asked my right hon. Friend about German support for EFA and expressed gratitude for his continuing efforts. He said:

"I raised that issue with Chancellor Kohl in Bonn a short time ago and I was pleased that he confirmed that he still desires to proceed with the project. Apparently, budget discussions are going on in Germany at present, but I think it is very important that the project proceeds, for the defence of the country and for jobs and skills."—[*Official Report*, 18 June 1997; Vol. 296, c. 327.]

We are now told that the German Government will make a final decision on the programme at their Cabinet meeting this week on 11 July. I urge Chancellor Kohl and his Cabinet to re-affirm, once and for all, their commitment to this vital project. I see no reason other than internal politicking for this procrastination, and I hope that Ministers in the Foreign Office will make use of the last couple of days before that German Cabinet meeting to present the case for the EFA project. Once the decision to participate fully is taken—as I am sure it will be taken—I urge the Germans to consider it final. There should be no more lingering uncertainty and no more rumours about doubts or cancellations.

Another line of criticism of the EFA has been unattributable complaints that its technical performance is not up to scratch. The German magazine *Der Speigel* claimed recently that the steering and radar mechanisms were so bad that a complete overhaul of the design was necessary. It said:

"The flight control system is so slow that the plane is in danger of falling out of the sky at high speeds".

Yet the aircraft has already flown 370 flight hours in prototype without any problems. It was warmly greeted at Farnborough last year, and it gave an impressive performance at Paris last month.

Most important, the plane's pilots testified to its ability. One pilot said:

"The general impressions resulting from this sortie were of a fantastically powerful aircraft that was easy to operate and fly accurately". Another stated:

"The cockpit promotes the feeling of being right on the cutting edge".

That does not sound like a plane with problems and, although nobody would expect it to be perfect at this stage in development, it is clearly not the liability that some parts of the press make it out to be.

Part of the problem may be the divisions within the German Government on this matter and I fear that it is being used as a political football. Sadly, with rumours and recent press reports of Treasury anxiety, I hope that similar tactics of doubt expressed by unattributed experts will not be used by the EFA's opponents in this country.

Having said that, I cannot understand the opposition to the EFA. It has the potential to be a world-beating product, with technology and design to last us for many years, yet its opponents continue to criticise. Sometimes I wonder whether the British tendency to knock our successes is the root cause of opposition in this country—the desire to pour cold water over anything at which we do well. Perhaps some individuals or groups are waiting for the Germans to delay further or to pull out completely, so that we have a face-saving excuse to cancel the British participation in the programme.

However, if people really do want us to cancel the EFA project, they must propose an alternative and, although there are no real arguments in favour of cancellation, we must listen to what others have to say. Of course, we could simply not replace the existing equipment and allow the country's defences to age and become obsolete. Then again, we could buy an off-the-shelf replacement from abroad. The only aircraft that can match the EFA in terms of technical ability is the American F22. Yet—at this point I am addressing the Treasury as well as the House—it is not a cheaper alternative. The Americans are not simply going to give us a fleet of their most advanced fighters; if we want the aircraft, we will have to pay for them.

The price of such a purchase would be high, albeit cheaper than developing our own alternative; but what would be the additional costs—the costs to the British aerospace sector and to British manufacturing industry? The money is going to be spent, so why not spend it in Britain and in Europe? More than 100,000 people are employed in the aerospace sector in this country; and, at the peak of manufacturing in the EFA programme, up to 250,000 will be employed throughout all the partner nations of Europe.

If we were to buy from abroad, most of those jobs would be lost. They are largely high-skilled, hi-tech manufacturing jobs, with high value added to the economy. They epitomise the way in which the Government have stated they want our economy to develop. As an illustration, in Lancashire the average wage in manufacturing is £14,400, yet in the aerospace sector it is £18,600.

To lose such an important part of our economy would be a catastrophic blow, which becomes even worse when we take account of the effect on the whole country and not just the north west. Just as important, we would be signalling our intention to leave the aerospace sector. That is the danger.

The development of technology which can be transferred to other sectors, not simply to commercial aviation, would be lost, as would design and computer systems development—such as that carried out by CSC in my constituency. We would damage our position within the Airbus consortium. The strength and ability of Airbus to continu e technological development and to maintain the challenge to the major American manufacturers would also be damaged. Boeing and McDonnell Douglas were last week given outline permission to complete their merger, which will have a damaging effect on our aircraft industry.

Our ability to maintain the future large aircraft project, which is both a military and a civil design, would be put in jeopardy if the parallel project of the EFA development were to be taken away. That would affect the viability of BAe regional jet production, based mainly in Hatfield, where the BAe 146 aircraft has been a major success, and one of the country's most valuable exports. Indeed, the sale of BAe Hawk aircraft throughout the world generated £12 billion of business for the UK, with about £5 billion being returned to the Treasury—a fivefold return on investment. The EFA would give similar returns.

Some of the largest export contracts ever have involved British Aerospace projects, and have made significant contributions to Britain's balance of payments. The defence division of British Aerospace had a turnover of £5.3 billion last year. Already there has been sales interest in the EFA in countries as varied as Norway and the United Arab Emirates.

If press reports are to be believed that some forces in the Treasury are looking critically at the EFA programme, that Department has a simple choice. It can pull the plug on the Eurofighter programme, to save £16 billion. It can leave the Ministry of Defence to defend our country with obsolete equipment. Alternatively, having saved £16 billion, it can spend a large part of that on a suitable replacement, and spend the rest of the money paying for the huge unemployment in the aerospace sector and all those industries that rely on it.

Twenty years from now, we will still be paying for that unemployment because we no longer have an aerospace industry, our design and computing sectors are second-rate, and our balance of payments is damaged by the need to import those services from abroad, along with aircraft, while our aerospace exports have ceased to exist. All of a sudden, £16 billion does not seem a huge liability, but starts to appear more like a major investment in this country's future.

We have sold off our motor industry and run down our shipbuilding industry. During the past 18 years, our heavy engineering and manufacturing industry has fallen to a third of its previous capacity; yet in aerospace we remain a world leader. We cannot allow the Pacific rim and tiger economies to overtake us in that sector as well, and we cannot present our American competitors with a free hand to dominate the world market for aerospace. The technology that is developed with the aircraft can be transferred to the civil aviation industry and the future large aircraft programme.

For the sake of the Royal Air Force pilots who will have to defend this country, for the sake of the hundreds of thousands of jobs that rely on the Eurofighter project, and for the sake of the aerospace industry in Britain, which has been a success for us in terms of technology and exports, it is vital that we remove all doubt, that rumours from HM Treasury cease, and that we give our full support to the Eurofighter project.

9.52 am

Mr. Alan Clark (Kensington and Chelsea): A rumour is going around that the defence review will be shelved or diluted out of sight. I very much hope that the Minister can deny that. I welcome the projected defence review for several reasons—partly because it was long needed, and partly because the Secretary of State said that it would be policy-driven, not Treasury-driven. It is high time that proper consideration of policy in its widest sense governed our defence spending and deployment.

Defence policy is made up of three components: an evaluation of our national security, a projection of our foreign policy direction over the next 20 years, and an anticipation of the industrial and economic consequences of weapons procurement. All three headings have their lobbies.

The services are always keen to lobby for items of equipment, and in this instance the Royal Air Force undoubtedly believes its entire career structure to depend on the Eurofighter aircraft. Indeed, some argue that its survival as a service depends on it, because there is an argument—which has much to be said for it—that the Royal Air Force should be dispensed with, and that an Army air corps should support the Army, the Fleet Air Arm should support the Navy, and there should be a transport command to arrange back-up services. I am not arguing that, but the RAF is well aware of that argument, so its advocacy of EFA has an edge to it.

The Foreign Office wants EFA mainly because of its collaborative aspects, because it regards it as a major purchasing contract that will provide cement for our relations in Europe. Then there are the arguments of the industrial lobbies, whose validity I do not doubt. I congratulate the hon. Member for Chorley (Mr. Hoyle) on the way in which he advanced those arguments. However, he would probably be outnumbered by Labour colleagues who say that the whole sum should be spent on hospitals, schools, kidney machines and so on.

First I shall discuss the issue of national security evaluation. EFA is not an effective weapon system. It is a short-range interceptor fighter, conceived at the height of the cold war, the need for which has been overtaken by events. It has a very short loiter time, and must operate from sophisticated and hardened airfields. It does not have buddy refuelling, which means that it cannot be refuelled from tanker aircraft of identical type, but must wait and locate a slow and vulnerable dedicated tanker if it needs to take on more fuel. It has doubtful software in its targeting and direction-finding equipment, and it has as yet unsolved deficiencies in the fly-by-wire system.

It is likely that the article in *Der Spiegel* exaggerated those failings, but the statement by the hon. Member for Chorley that the EFA has flown for 340 hours without problems can only be based on a press release from British Aerospace or another source; it does not relate to the facts.

I shall now discuss the Foreign Office implications. The Foreign Office is probably in favour of the EFA because of the collaborative aspect. If the Foreign Office did its job properly, and if its staff applied their minds to the commitments that we are likely to have to undertake

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during the next 20 years, they would see that what is required is an aircraft with very long range, which can operate off rough local airfields, and which has a relatively low-tech requirement in terms of spares and logistics—something that does not have practically every component in its structure to be new and prototypical.

I shall now discuss the industrial and economic consequences, under three headings. The first consideration is the possibility of exporting or selling the EFA, which I believe to be nil. As the EFA does not meet our national security requirements, it is hardly likely to meet those of potential customer countries, who will undoubtedly buy something that suits their requirements better.

Secondly, under the industrial heading, we must consider the consequences that relate directly to employment and to profits in the aerospace industry. Although the hon. Member for Chorley argued in terms of employment, he is well aware that those who are giving him his briefings are probably very profit-oriented also. The Minister will have very much in mind the fact that among the problems of United Kingdom defence procurement is the almost unbreakable interdependence between British Aerospace and his Department's procurement desk.

Surely, now that the cold war has abated, we could look more widely—not necessarily to the United States—to meet some of our requirements in this area. In any case, if EFA is to be presented as a job creation scheme—I always have some sympathy with the Keynesian ethic—we must find a less extravagant way of paying people to make buckets with holes in them.

The real problem is that a great deal of investment—prestige, money and service commitment—is going into a project that is essentially flawed and out of date. I agree with the hon. Member for Chorley that we must not abandon leading edge technologies. To do so would be extremely dangerous; it would mean finally forfeiting our independence as producers.

What we have to do—it is the hardest thing of all to get past the Treasury—is maintain the research and development on the aircraft and fly prototypes, defective and dangerous though they may often be, so as to maintain our capability. At the same time, we must get out of the commitment to going into production of a large number of these aircraft. We do not need them, and they are already obsolete. They lack variable nozzle technology and other details with which I will not weary the House this morning.

Mr. John Wilkinson (Ruislip–Northwood): Will my right hon. Friend give way?

Mr. Clark: Not at the moment. Everyone knows that EFA's life expectancy, even if it has a dominant capability, is only four or five years; and the likelihood of our involvement in the kind of conflict where it would be needed is probably more than four or five years distant.

I am not arguing for the elimination of the whole project. I am saying that producing these aircraft and buying them at colossal individual cost in numbers far greater than we need would be wrong. We do not want to stock up with obsolete weaponry at this stage. On the other hand, the need to maintain our R and D capability and fly prototypes is clear. So the Minister and the Department must find a way of getting out of the production contract while maintaining the capability. It will be hard; the Treasury will never fund R and D if it possibly can. There is no end product—or if there is, it will be of a type which the Treasury believes will ultimately commit it to greater expenditure: best, therefore, to throttle it at birth.

I have described what the Minister must do; it is never too late to do it. The aircraft is not yet in production. The cost overruns are stupendous. Many sectors within its specification are defective and will need huge expenditure to put right. This is the time to close down any idea of producing the aircraft, but to maintain the research and development.

Mr. Wilkinson: I am grateful to my right hon. Friend for giving way—

Mr. Clark: I have finished my speech.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. It is clear that the right hon. Gentleman has sat down.

10.2 am

Mr. Lawrence Cunliffe (Leigh): I congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on his lucid presentation. For a new Member, he has an effective insight into the problem—[HON. MEMBERS: "Of jobs"] It is my hon. Friend's privilege to concentrate on jobs. It enables him to get some experience in the Chamber, and I commend his speech this morning.

I applaud the fact that we are having this debate. It is entirely understandable that hon. Members whose constituents work in the defence industries should be concerned about jobs for their people. The right hon. Member for Kensington and Chelsea (Mr. Clark) seems to think it wrong to battle too hard for Britain because, in an age of new technologies, things move too fast for us to keep up.

I am a long-standing member of the aerospace and technology committee of the Western European Union, where we have been battling away with the Germans and French over the airbus for some time. Not long ago, we unfortunately lost out in the helicopter argument. Our cardinal objective in all these arguments is to present a good economic case for the viability of British aerospace productive capacity, especially when it comes to making specialist aircraft of this type.

Rev. Martin Smyth (Belfast, South): Does the hon. Gentleman agree that it is important to maintain our manufacturing capacity, and that relying on service industries alone would impoverish us all? Does he agree that the Treasury has a case to answer over research and development? As I understand it, it has not matched British aerospace's R and D investment pound for pound, as it should have done.

Mr. Cunliffe: I agree. It is imperative to keep up the progress in this area, because it will affect the whole future of British aerospace technology. Treasury mandarins have always been the same. Some present in

the Chamber today who have had ministerial experience can, I am sure, quote chapter and verse to show how the Treasury cuts off or isolates funding.

We have been discussing these matters in the WEU aerospace committee. Next week, I shall have talks with Karl Lenzer, the acting chairman of our committee, who will be in America for discussions. Understandably, German politicians, just like their British counterparts, want value for money. We are all in the same game; no one wants to be frivolous about public money. We are talking about 16,000 German and 10,000 British jobs.

The right hon. Member for Kensington and Chelsea questioned the performance of the aircraft. We take pride in British quality—indeed, we claim to be the best in the world—but we need to be competitive as well as technologically sound. We have always proceeded on the basis of open competition.

We are assured by Labour Ministers now that the Eurofighter is not to be considered under the defence review. I call that backing Britain with confidence—

Mr. Wilkinson: The hon. Gentleman should get his facts right. I am as strong a supporter of the aircraft as he is, and I recognise the excellent work being done by the WEU committee on which he serves. I also recognise the importance of positive, joint decisions with the Germans.

However, it is inaccurate to say that the aircraft is not to be included in the defence review. When the Chief Secretary to the Treasury made his statement on departmental reviews of spending, I questioned him on this very point. He replied that both Trident and EFA were in the review. That is not to say that the Government will not come up with a positive decision. Labour has always supported the project, and we hope that the Government will maintain that support, despite the review.

Mr. Cunliffe: There appears to be some confusion between the information that the hon. Gentleman has and what I have been told. It is important that the House be informed as soon as possible, because that is the only way to guarantee democratic accountability.

When I first went to the Council of Europe, there were 18 member countries. Now 40 nations belong to it. In WEU—the European wing of NATO—and the Council of Europe all the British political parties have always flown the flag together to support British interests in Europe. There has never been a division. The previous Prime Minister congratulated the delegation to the Council of Europe on how we tackled the problem of securing and advancing British interests in co-operation with our European colleagues.

The American disposition within the defence framework is clear. I have no scruples about predicting that, in 10 to 15 years' time, American and NATO services will have disappeared from the European theatre. It is evident from the political scene on the horizon that, now that the Russians have been accepted into NATO—other countries are coming in daily—rather than deal with short-term aircraft, as the right hon. Member for Kensington and Chelsea said, the Eurofighter will fit the bill for Europe in 10 years' time, which is why the project is necessary.

We will be dealing with a new type of NATO, with Russia playing a part—it now has a consultative role. It sounds a bit funny to say that it will be a North Atlantic Treaty Organisation within the framework of Europe, but a new European defence organisation will emerge through the evolving nations that will become new members. We are perfectly capable of looking to Europe for our defence.

Whether in technology or in performance, other parts of the world, such as Scandinavia and Asia, are declaring an interest in our project. When Japan was made an observer to the Council of Europe—America and Canada have also been made observers—it expressed an interest in the European defence scene. We therefore have allies throughout the world who support, in principle, Eurofighter's claim to be an effective weapon within our defence framework.

Mr. Nigel Evans (Ribble Valley): Does the hon. Gentleman dismiss, as I do, the argument, which we hear time and again, that, for reasons of cost and capability, we should put EFA to one side and buy an effective and proven alternative from the United States? Does he agree that, if we do that, the jobs he mentioned—10,000 in Britain and 16,000 in Germany—would be put in jeopardy, and manufacturing skills in both countries would be lost? If those skills were lost, they would be lost for ever, and it would be extremely difficult to say whether those teams would ever work again for European defence manufacturing interests.

Mr. Cunliffe: The hon. Gentleman makes a succinct point. The bulk of my constituents who work in the Lostock factories in Bolton and on aircraft wings in Chadderton are highly skilled technicians, from planners on the drawing board to electricians and fitters, which is why I have a direct interest in this matter. The new skill training programme introduced by the Labour Government will do much to reassure the hon. Gentleman that the skills, dedication and loyalty that now exist will be part of a follow-on process, with new apprentices in that category.

Mr. Alan Clark: Will the hon. Gentleman give way?

Mr. Cunliffe: The right hon. Gentleman would not give way to any of his parliamentary colleagues, but, being a charitable new Labour socialist, I shall give way.

Mr. Clark: I am grateful to the hon. Gentleman for giving way, and particularly grateful for the candour with which he declared his political affiliation. I did not give way to my hon. Friends because I had completed my speech.

Further to what my hon. Friend the Member for Ribble Valley (Mr. Evans) just said, I want to distinguish between manufacturing skills and design capability. In the same unpunctuated sentence, the hon. Member for Leigh (Mr. Cunliffe) referred to drawing board technicians and fitters, which are totally different categories. It is essential to maintain the drawing board capability, and full research and development. The point about full-scale employment is that the fitters' skills will be wasted if they make something that is of no use. That was the point that I was making.

Mr. Cunliffe: If something is wrong with the design, the manpower is wasted. The right hon. Gentleman is right about design engineers. I have some in my constituency who are specialists in every sense of the

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word, and we are proud of that. Their work must complement that of the other workers, whether on the tool bench or on the drawing board. The right hon. Gentleman makes a fair comment, but I did not understand when he said that he knows of many design defects at this time. I shall ask my design boys to see whether there is some logic in his presentation.

Our wonderful achievements in collaboration with our European colleagues, from airbuses to helicopters, augur well, and should bring confidence and trust in the future. We are Europeans in the true sense, and are becoming totally interdependent in Europe in terms of jobs and education. That is the great case for Europe. European countries need one another, politically, economically and socially, but we must continue to plug British interests.

10.16 am

Mr. Michael Jack (Fylde): I am delighted to see the unanimity of Lancashire Members in the Chamber today, including my hon. Friend the Member for Ribble Valley (Mr. Evans) and the hon. Members for Preston (Audrey Wise), for Blackpool, South (Mr. Marsden), for Chorley (Mr. Hoyle), and myself from Fylde.

I congratulate the hon. Member for Chorley on how he laid out not only the strategic but the industrial case for Eurofighter 2000. He made a clear and justifiable case for the project's continuity, in contrast to my right hon. Friend the Member for Kensington and Chelsea (Mr. Clark), who was long on criticism but short on objectivity in suggesting an alternative to the Eurofighter 2000. It sounded like the knocking copy that I have heard emanating from north American sources, who for so long have sought to do the project down. Those of us who have lived with it for many a long year have heard this story before.

I respectfully point out to my right hon. Friend that he was in post in the Ministry of Defence when some of the specifications for the Eurofighter were being written, so perhaps at some stage outside the Chamber he will tell me whether his hand was on any of the specifications that he now denounces as inappropriate.

May I put on record words of praise for our former colleagues, Mr. Keith Mans, Mr. Robert Atkins and Mr. Den Dover, for their fight to keep this project alive? Without their efforts, I doubt whether we would be having this debate.

A tremendous campaign was orchestrated to influence Members of the Bundestag when it last had to make a decision on that matter. The Secretary of State wrote a helpful letter to me on this subject, saying that he would come back to me with ideas about how the current generation of Members of Parliament might also communicate with colleagues in the Bundestag, because they have the final decision on the German financial position. I should be grateful if the Minister, if not in his reply then subsequently, would be willing to act as a falcon for the exercise that this Parliament can have in influencing our German counterparts.

I also pay tribute to the work of the trade unions. It may sound odd coming from a Conservative Member, but the trade union movement, based as it is in my constituency of Fylde, at Warton and Samlesbury, has campaigned professionally and skilfully in ensuring that its German, Italian and Spanish counterparts are on side in terms of the Eurofighter project. The project is a joint effort of so many in the House and outside. We now move to a crucial phase for my constituents and those who are working on the successful prototypes operating from Warton.

The vital success of the project, to which the hon. Member for Chorley (Mr. Hoyle) referred, is crucial to the future of the entire European aerospace industry. Without it, a great prize could be missed. In a rationalised Europe there is the opportunity for British Aerospace and the United Kingdom to be the centre of that industry. The maintenance of the technologies that the hon. Gentleman so ably described lie at the heart of the achievement of that objective.

If the European fighter aircraft is not built, we will simply become a jobbing shop for the United States. We will lose the technology base for that and the other aerospace projects that the hon. Gentleman mentioned.

The project is entering a crucial phase, about which I shall ask the Minister some specific questions. I know that the German Government have written into their budgetary plans a four-year sum for Eurofighter's production phase. I should be grateful if the Minister would address himself to the money that will be required in an interim period to finance the further development of production work up to the production phase itself. Is he confident that the German Government and others in German industry will find that crucial bridging finance to take us to the end of the year?

In the Minister's judgment, is there the remotest possibility that the German Government might fast-forward their budgetary procedure, so that we might all go away for our summer holidays less concerned about the matter, or is the relevant date the autumn? Such guidance is important to us as parliamentarians, so that we might influence our colleagues in the Bundestag.

Can the Minister assure me that he and his colleagues in the Ministry of Defence will assist right hon. and hon. Members who want to make representations to other countries in Europe?

I watched "Newsnight", and was somewhat concerned when I heard the Minister of State for Defence Procurement say in an interview from the Paris airshow that the number of aircraft might be subject to the defence review. Can the Minister unequivocally put it on the record that not only will we order and buy the 232 aircraft, but that we will also review the Harrier GR7 replacement in the light of the European fighter aircraft, and that those numbers will not be part of that exercise?

The Parliamentary Under-Secretary of State for Defence (Mr. John Spellar): I put that on the record in a written parliamentary answer to the right hon. Gentleman on 26 June at column *627* of *Hansard*.

Mr. Jack: I am grateful to the Minister for reaffirming that. We have had so many different stories when one Minister appears on television and another Minister puts something in writing. I wanted to make certain that the two lined up together.

I seek an assurance from the Minister that he and his right hon. Friends are not under any pressure from the Treasury to review the project in terms of numbers.

That might not be in his review, but I know that the Treasury never misses an opportunity to have a go at such projects. I should be grateful for the Minister's comments.

Can the Minister tell us what he thinks is the source of briefings that continue to find their place in the pages of our aviation journals and newspapers—the endless knocking copy on such a splendid project? I want an end to such copy. We are now committed to EFA 2000. We want the aircraft to be built and properly funded. Both sides of the House—with the odd exception—are unified in our purpose. The Minister's reassurance from the Front Bench today that the project has the unequivocal support of the Ministry of Defence would be welcome.

10.23 am

Mr. David Borrow (South Ribble): Mindful of the time, I shall keep my comments fairly short and to the point. I had the pleasure of attending the launch of the Eurofighter in Warton in the constituency of the right hon. Member for Fylde (Mr. Jack) several years ago, when I was leader of the council in Preston. I also had the pleasure on 19 June of seeing the Eurofighter fly at the Paris airshow.

During the intervening years my commitment to the Eurofighter and my confidence in it have not wavered. I have heard nothing to challenge the conviction that the Eurofighter is the right plane for the Royal Air Force. I find it strange that doubts about the Eurofighter surfaced only after 1 May. As Lord Gilbert said at the Paris airshow, the decision to go ahead with the Eurofighter as the right plane for the RAF was taken by the previous Government. In many ways it is too late now to revisit that decision.

I shall deal with two other issues—first, the link between industrial policy, defence policy and defence procurement policy. It is essential that Britain retains the capability to produce defence equipment at the cutting edge of technology, rather than becoming entirely dependent on the United States as a monopoly supplier. That may mean that we operate in collaboration with other countries, as we have worked with other European countries on EFA.

To abandon the project and buy an off-the-peg plane from the US would imply that, although we are committed to a defence policy that looks after our armed forces with good equipment, we are not committed to retaining the manufacturing base to build that equipment. We would be dependent on monopoly suppliers from overseas. We might save money in the short term and the Treasury might find savings if we bought the F22 instead of the Eurofighter, but 10 years down the track when the development of the next plane begins, we will not have the capability in Britain or in collaboration with other European countries. We will be held hostage to the monopoly supplier. That does not make sense from a defence or a Treasury point of view.

Secondly, it is important to recognise the industrial strategy and the link between defence manufacture and manufacturing in general. That is particularly the case in the aerospace industry. The advances made in military aircraft development have a spin-off effect on and a cross-fertilisation with civil aviation development.

Mr. Barry Jones (Alyn and Deeside): Does my hon. Friend agree that the civil side of British Aerospace's business would take a severe knock if the Eurofighter project fell apart? Does he know that 2,800 of my constituents make the wing of the Airbus? As it happens, I am taking a deputation today to the Ministry of Defence on the future large aircraft.

Mr. Borrow: I agree with my hon. Friend's comment. It is interesting that the future large aircraft is linked to civil aircraft through the Airbus, and there are links between the Eurofighter and other civil projects.

The right hon. Member for Kensington and Chelsea (Mr. Clark) argued that we could concentrate on research and development, and that we do not need to employ people to carry out projects for the Eurofighter. That is nonsense. People who live in my constituency and work in the constituencies of the right hon. Member for Fylde and the hon. Member for Ribble Valley (Mr. Evans) at Warton and Salmsbury have skills that are not transferable to other parts of the engineering industry. If the Tornado and Hawk work going on at British Aircraft military division is blocked because the Eurofighter does not go ahead, the skills that exist in central Lancashire to assemble those planes will not exist in 10 or 15 years, when the next development comes along. It is a matter not simply of R and D, but of hands-on skills that are of little use to any other industry.

In the past, my colleagues have raised the question of arms diversification. However, the skills involved in the aerospace industry are not readily transferable. The Preston technology management centre on the old British Aerospace Strand road site in Preston is considering a diversification strategy by using the intellectual property rights of British Aerospace to help small and medium-sized enterprises produce products that are not defence-based. That is one area where diversification may occur. The skills of my constituents who work for British Aerospace in Lancashire—who are among the most skilled manufacturing workers in this country—are not transferable. Arms diversification is not easy.

We will always need a good defence industry, and our armed forces will always need good equipment, so it makes sense to ensure that we have the manufacturing base to provide that equipment. Some 620 Eurofighter aircraft will be produced initially, with 232 destined for the Royal Air Force, 180 for Germany and the others will be supplied to Italy and Spain. I had received submissions from the industry, and I do not accept that the aircraft has no export potential.

When air forces fly planes that are made in this country, foreign countries decide that they want to buy them. A few weeks ago, the Secretary of State for Defence visited Warton in the constituency of the right hon. Member for Fylde with the Prime Minister of Australia, Mr. Howard, in order to agree the sale of Hawk aircraft to Australia. It is significant that that deal envisages an offset agreement, whereby several aircraft will be produced in Australia. If we abandon aircraft manufacturing in this country, rather than simply buying from abroad, we have the option of offset agreements. However, we would not have mastery of research into and development of those aircraft, and we would get the back end of the job.

I want the British aircraft industry to be at the cutting edge. The Minister must recognise the importance of defence procurement in industrial policy. I should be very

[Mr. Borrow]

worried if the EFA project were delayed, cut or abandoned. That would have serious implications not only for defence but for the future of manufacturing industry in this country in general, and in central Lancashire in particular.

10.32 am

Mr. Menzies Campbell (North–East Fife): I agree with much of what the hon. Member for South Ribble (Mr. Borrow) has said. However, I think that he is wrong to claim that doubts about the Eurofighter have surfaced only since 1 May. Doubts surfaced immediately after the general election in 1992. At that time, several hon. Members, under the leadership of Keith Mans—who had a long and distinguished commitment to the Eurofighter project—and by arrangement with the Secretary of State for Defence, who laid on an aircraft for the purpose, travelled to Germany so that we could lobby our party equivalents in the German parliamentary system.

That may be the answer to the question raised a moment ago about how best hon. Members from all parties could apply pressure to their equivalents in Germany. If the Minister has an aircraft standing by, I have no doubt that he will find many volunteers to take part in such an operation.

In the short time available, I shall concentrate on the military elements of the matter. I start from the fundamental position that the Royal Air Force should remain a strategic service and that any effort to alter it or downgrade it to the kind of support service for which some argue would be wholly against the best defence interests of the United Kingdom. If we start from the proposition that the Royal Air Force must be a strategic service, we must accept that it has to be equipped properly. It can be equipped properly for the next 25 or 30 years only if it has Eurofighter.

The right hon. Member for Kensington and Chelsea (Mr. Clark) described the Eurofighter as an interceptor aircraft. I must adopt a slightly different view: I have always understood the aircraft to be an agile fighter. It was designed to overcome the defects that had been demonstrated in the Tornado F3, which is an interceptor and was designed to intercept Russian bombers over the North sea from the squadron base at RAF Leuchars in my constituency. That interceptor aircraft was modified from an aircraft that had been designed as a ground-attack aircraft, and it lacks the agility of modern aircraft. That is why the F3 squadrons, of necessity, performed such a limited role in the Gulf war, and why they have been unable to fulfil all the roles that might have been expected of them in operations in Bosnia.

Mr. Gerald Howarth (Aldershot): The hon. and learned Gentleman is absolutely right: one of the problems with the Tornado was that it was designed as a multi-role combat aircraft and therefore did not perform well as an interceptor fighter aircraft. Does he agree that the key point about the Eurofighter is that it is a dedicated fighter with air superiority capabilities, which is what Britain badly needs at present?

Mr. Campbell: The hon. Gentleman is correct: the Eurofighter is capable of achieving air superiority. However, as the Minister pointed out in a written answer on 17 June this year, it also has the capacity to take part in ground-attack operations. That is why any review of Eurofighter numbers should accept the proposition that, instead of 232 or 238 aircraft, we need 80 more than that in order to fill the gap caused by the eventual withdrawal of the Jaguar from service.

Some hon. Members have talked about alternatives. The Grippin and the Rafale are possible alternatives, but we must accept that they have lower capabilities. There are American alternatives. We should remember that, in the last Parliament, Michael Portillo flirted—if I may use that word—with the proposition of leasing in second-hand F16s at the same time as we were leasing out second-hand F3s to the Italians. The Italians, for reasons that I need not go into, are grossly embarrassed in the fighter aircraft area. Eurofighter is probably more essential for them than for the other three project partners.

If we went down the American route, we might get cheap unit costs, but the through-life costs would kill us—if I may put it that way. When one is gauging the cost of these projects, one must have regard to the cost not of buying an aircraft off the shelf but of maintaining and running that aircraft over its lifetime. We certainly cannot afford the F22. However, if we were to buy it, you can bet your bottom dollar that the United States would not provide all the black boxes that are essential to maximising its full capability. We would always receive an aircraft that was less capable than the top-of-the-range aircraft that the United States would maintain for itself.

The Eurofighter aircraft has been designed to fly against the SU27—perhaps one of the most dramatic developments in aircraft design since the creation of the jet engine—and all its derivatives. SU27s are available to countries all over the world as a result of Russian export policies. Therefore, it is not inconceivable that Royal Air Force pilots, while carrying out future operations on behalf of the United Nations and exercising its peacekeeping, peace-making or peace-enforcing responsibilities, will have to fly directly against the SU27. That is why anything less than Eurofighter would be inadequate for the Royal Air Force's purposes.

10.38 am

Mr. Robert Key (Salisbury): I congratulate the hon. Member for Chorley (Mr. Hoyle) on introducing this short, but timely, debate. I also congratulate my right hon. Friend the Member for Kensington and Chelsea (Mr. Clark) on his usual robust and challenging speech and my right hon. Friend the Member for Fylde (Mr. Jack) on his very persuasive arguments.

I also congratulate all the men and women of the Royal Air Force and their civilian support staff, and thank them for demonstrating superb professionalism at a very difficult time of adjustment. The structure and the functions of the Royal Air Force have changed. I have seen that in my constituency, and when I have visited the RAF overseas, whether in the Falkland Islands, Belize, Gibraltar, at the sharp end in Incirlik and in Germany, where the changes have been greatest. I found that at Rheindahlen and Brüggen last year, which I visited as a member of the Armed Forces Bill Select Committee.

The RAF's withdrawal is not just an operational change; it is a fundamental change to the way of life of the RAF and all the families who so loyally follow the

flag. By 2002, the Tornados will have come home. The upgrading of the Tornado F3 and GR1 will give them another 20 years of service, but by then they will to all intents and purposes be the equivalent of the RAF flying Spitfires today.

Michael Portillo's decision last September to tell our project partners that we are ready to move ahead to the production and in-service support phases of Eurofighter reflected the Ministry of Defence's conclusion that Eurofighter was the best available combat aircraft for the United Kingdom. All other considerations, including jobs, must be secondary to the military decision, but the decision has been clearly and decisively made.

The decision was good news not just for the Royal Air Force—it was good news for Munich, Turin and Madrid—but most of all for the best aerospace work force in the world, at British Aerospace in Lancashire, and at Rolls-Royce in Bristol and Derby, as well as some 200 UK defence companies involved in the development and production of equipment for Eurofighter. It will mean up to 80,000 jobs in the UK, and some say up to 250,000 jobs across Europe, although I find that latter estimate somewhat far-fetched.

The trouble is that there are three spectres at the defence procurement party. First is the shadow of TSR2. The week before the 1964 general election, Harold Wilson went to the north-west and promised that TSR2 would go ahead. Labour was elected. Labour cancelled it. That ghost still walks. Will Labour stick to the agreement between the Conservative Government and British Aerospace to buy 232 EF2000s? The Minister says that he will, but we will come to the reason why I believe that he should not be quite so certain.

The second spectre is the weakened German economy. The day after tomorrow, as the hon. Member for Chorley said, is crucial to this argument, as it is when the German Cabinet holds its budget meeting. Unlike this Parliament, there is no party political consensus in the German Parliament, as members of the House of Commons Defence Committee discovered when the Bundestag Committee visited us last year. Furthermore, what assurances are there from the Minister's Spanish and Italian counterparts that they will honour the agreement to buy their complement of the EF2000s?

Does the Minister accept that Eurofighter should be cheaper to maintain than the Tornado that it is to replace, since Eurofighter will be built with under 15,000 airframe parts, compared with 32,000 for the Tornado?

Has the Minister decided to include thrust-vectoring in the UK specification for Eurofighter, like the Spanish? So far, only the Spanish have said that they definitely want the upgrade, which will increase the speed and manoeuvrability of the aircraft.

Can the Minister confirm reports—which I have heard—that his Department has told British Aerospace to slash its agreed costs by 15 per cent.? If that is true, it would be very hard for the aerospace industry in this country. First the Labour Government decimated the private finance initiative programme without paying compensation to the companies, and now BAe may be forced to make savings that would put jobs at risks.

Mr. Michael Colvin (Romsey): Will my hon. Friend acknowledge that being permitted to make a reasonable profit on a military project such as this ensures reinvestment into research and development, on which the next generation of aerospace projects depends?

Mr. Key: Of course, my hon. Friend is absolutely right. Those profits are reasonable. They were extremely tight—let no one be in any doubt about that—given the international nature of this market.

The third spectre at the party is Her Majesty's Treasury and the strategic defence review. I do not doubt for a moment the sincerity of the Secretary of State for Defence, the Minister for Defence Procurement, or the Under-Secretary of State who will answer today, but not once has any of them been able to deny the bottom line of a Treasury veto. In none of the Parliamentary Questions that they have answered have they been able to make that commitment.

The strategic defence review report will go to the Secretary of State by the end of December, as he said. I believe that it will be completed—considered by Ministers—around the turn of the year, which, as a former Minister, I know only too well can mean anything up to March, which is the financial year anyway, not the calendar year. The Treasury cannot allow the defence budget to be excluded from normal spending round bargaining.

The March 1998 Budget spending plans will be followed by a defence White Paper. Would the Minister like to deny any of this? Only after that White Paper, after the Budget, will we know the truth about the strategic defence review and the fate of Eurofighter.

The Conservative Government put in place a defence procurement programme of which our forces and our nation can be proud. The Labour Government cannot expect—and will not get—cross-party consensus on their defence stance until the spectres of German uncertainty and the Treasury veto are laid to rest.

10.45 am

The Parliamentary Under-Secretary of State for Defence (Mr. John Spellar): I welcome the hon. Member for Salisbury (Mr. Key) to his new responsibilities. I also congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on securing the debate and on his vigorously presented case for EFA, for the aerospace industry and, indeed, for his constituency.

We heard worthwhile and helpful speeches from the right hon. Member for Fylde (Mr. Jack), from the hon. Member for Ribble Valley (Mr. Evans), from my hon. Friends the Members for South Ribble (Mr. Borrow), and for Leigh (Mr. Cunliffe). We also heard an interesting speech from the right hon. Member for Kensington and Chelsea (Mr. Clark).

The interest of my hon. Friend the Member for Chorley in this vital subject is obviously shared by most hon. Members on both sides of the House, so I welcome the opportunity to underline the Government's strong commitment to Eurofighter, which will form the primary component of the RAF's future fighting capability. We are right to stress that as the key aspect to the debate.

Hon. Members raised a number of points, which I hope to dress during my reply. The Gulf conflict and operations in the former Yugoslavia demonstrated the supreme importance of effective air power. The number of

[Mr. John Spellar]

countries that possess highly manoeuvrable, high-performance aircraft equipped with modern sensors, defensive aids and missiles is expected to increase. The Russian MiG 29, and the SU27, both of which are being exported and upgraded, are representative of the potential threat that Eurofighter could face over its planned 25-year life. United Kingdom forces deployed on operations in Europe and beyond are therefore likely to encounter aircraft that could out-perform existing RAF and other NATO fighters. We must not underestimate the vital importance to our forces of control of the skies.

We all recognise that the RAF's F3 Tornado has a limited further life. It is not, as has been mentioned, an agile aircraft. It was designed to deal with the cold war threat of Soviet long-range bomber attack on the United Kingdom. The missile upgrade currently being implemented will, of course, make it a much more effective system, but that can be no more than a relatively short-term solution. The RAF's Jaguar aircraft suffers similar limitations. It is clear that both aircraft need replacement from early in the next century. That, I believe, is common ground to all concerned.

Eurofighter will be capable of providing for air superiority and air defence—gaining control of airspace, whether to protect territory, or to enable other operations by land, sea or air to achieve their objectives. The same aircraft will also provide for ground attack and, potentially, tactical reconnaissance. Eurofighter will be able to offer operational flexibility in response to the uncertain demands of the new strategic environment and enable the RAF to reduce its current aircraft types. Indeed, this is characterised by the aircraft's short take-off and landing capability, which will allow it—contrary to the allegations of the right hon. Member for Kensington and Chelsea—to operate from a range of airfields.

Furthermore, I can confirm that it has been designed to meet the range requirements of all envisaged missions. Eurofighter will provide interoperability with three key NATO allies. This will yield important operational advantages as well as the financial benefits flowing from economies in support.

On the technical performance side, I am pleased to report that recent progress on the Eurofighter development programme has been excellent and that all key technical maturity criteria for entry into the production phase have now been met. That was demonstrated by the two Eurofighters that flew in formation at the Paris air show. All the seven development aircraft, two of which are twin-seaters are now flying. At the end of June they had flown more than 441 flights, amounting to about 377 hours. I am pleased to announce that the UK twin-seater development aircraft flew for the first time with two people on board on 2 July. Of the seven development aircraft, five are flying with the specifically designed EJ200 engines and two with ECR90 radar.

The aircraft is already flying at mach 1.8. Reports from our test pilots and those of other countries who have flown the aircraft confirm that they are delighted—the aircraft is simple to fly and its performance closely matches predictions. The field of view from the cockpit is excellent. I am surprised that some press comments underrate that consideration and the importance of it. Pilot work load during the normal operation is low. That is particularly important for a single-seat fighter, as I am sure we are all aware.

One of our test pilots said that Eurofighter

"is ahead of anything I have ever flown before."

That is clear testimony to the value of involving pilots at an early stage in the design process. That was a valuable contribution by the Ministry of Defence, the Royal Air Force and British Aerospace.

As my hon. Friend the Member for Chorley has said, there have been recent newspaper reports criticising technical aspects of the Eurofighter programme, focusing especially on the radar and flight-control system. One does wonder where this knocking copy comes from. I think that the right hon. Member for Fylde was right to identify the possible sources.

First, I shall mention the specially developed radar system for the Eurofighter and the article that has been much quoted, which appeared in *Der Spiegel*. The real situation concerning the radar system, the ECR90, is that it is newly designed by a consortium led by GEC involving electronics companies from the other Eurofighter partner nations. Those companies are European and world leaders in radar technology. The ECR90 is the latest design. It comprises modern high-performance, high-reliability electronic technology with automated digital processing and reconfigurable software. In short, it is a world-beating airborne radar system and we should be proud of it.

Progress on the development of the ECR90 radar has been very satisfactory. It has successfully undergone flights in two of the Eurofighter development aircraft. It is in line with the scheduled programme and our expectation is that the radar will meet its full specifications. Those specifications include the ability, contrary to various articles, to counter clusters of closely spaced aircraft and to discriminate precisely the high-priority target or targets.

I move on to the flight-control systems. It is important to stress, as has already been done by the hon. and learned Member for North-East Fife (Mr. Campbell), that the Eurofighter is aerodynamically unstable by design to enhance its extremely high levels of agility, reducing drag and enabling enhanced lift to be achieved. That makes it impossible to fly the aircraft by conventional means. The pilot controls the aircraft through a computerised digital flight-control system. That eases enormously the work load on the pilot. Among other things, the flight-control system is designed so that, in the event of pilot disorientation, rapid and automatic recovery is achieved by the simple press of a button.

The flight-control system is clearly critical to the performance and safety of the aircraft. Accordingly, flight clearance for such a safety-critical system has been approached with great caution and rigour. In two official flight assessments so far carried out, satisfactory handling has been demonstrated.

The engine, the EJ200, fitted to five of the development aircraft, has accumulated more than 1,000 hours of successful running time, including 300 hours in flight, as well as excellent test-bed performance. That is a tribute to the builders at Rolls-Royce.

There has been unhelpful speculation in the media that we are seeking to cancel the Eurofighter programme or reduce the number of aircraft to be purchased. In answer

to the right hon. Member for Fylde, I never cease to wonder where those stories come from. Are journalists sometimes looking for a story to file so that they can get off home? We recognise, of course, that such speculation causes difficulties. That is why I very much welcome the opportunity today to set the record straight once more.

In 1995, two parallel studies were conducted into the number of Eurofighters required. Allowance was made for training, support and attrition. It was concluded that 232 Eurofighters would be required to replace the Tornado F3 and Jaguar fleets. Of the 232, 35 will be twin-seaters and used for training purposes, although they would also have an operational capability.

My right hon. Friend the Secretary of State for Defence has made clear the Government's intention to order Eurofighter according to the conditions and numbers established by the previous Administration. We made that clear also when we were in Opposition. We are therefore committed to the purchase of 232 Eurofighters. I made that clear in a written answer to the right hon. Member for Fylde as recently as 26 June, and I reinforced that answer in my intervention. I regret, therefore, that the hon. Member for Salisbury sought to cast doubt on this matter, which can cause only confusion elsewhere, especially with a critical decision being made this week.

I understand that there have been criticisms of the cost of Eurofighter, and suggestions that alternative aircraft could be purchased instead. One wonders which aircraft, and that issue has been dealt with in previous speeches. Extensive operational analysis has been carried out to compare the cost-effectiveness of Eurofighter with a variety of other potentially available aircraft types and, of course, combinations, in a range of scenarios against opposing aircraft. The analysis demonstrated the excellent technical capability that Eurofighter will provide in the air-superiority and air-defence roles, and in ground-attack missions.

When costs and the multi-role capabilities of Eurofighter were taken into account, it was clear that an all-Eurofighter fleet would be substantially more cost-effective than any of the alternative aircraft options or mixes. Compared with other solutions, the potential cost savings are considerable. Logistic costs for a single type are significantly lower. In addition, pilot training costs are reduced. A single type of full-mission simulator covers all training requirements.

What I have said so far sets the scene on the justification for Eurofighter and the progress achieved in development phase, the numbers required and the technical position. The Government's position on the commitment to future phases is well known, and I have reinforced it this morning. We are now ready to sign the memorandum of understanding for the production of Eurofighter. We earnestly hope that our partners will also be in a position to proceed very shortly.

We understand—this has been mentioned by a number of hon. Members, including the hon. Member for Salisbury—that there are domestic pressures in Germany. In the interests of the programme, however, decisions must be made and priorities set. We are doing all we can to urge our German counterparts to proceed with the project as soon as possible. My right hon. Friend the Secretary of State met the German Defence Minister, Mr. Ruhe, last month. He confirmed that Germany both wanted and needed Eurofighter. When my right hon. Friend the Prime Minister met Chancellor Kohl on 6 June, the Chancellor made clear his personal commitment to Eurofighter.

We were greatly encouraged, as, I am sure, were all right hon. and hon. Members, by the announcement last Friday by the German Finance Minister, Dr Waigel, that funding for the production phase has been included in the draft 1998 budget. We are hopeful that, when it meets to discuss the 1998 federal budget on Friday, the German Cabinet will take the decision to proceed to the production phase. Bundestag approval would be sought in September. I take on board the suggestion of the hon. and learned Member for North-East Fife that there is a need to involve Members on both sides of the House in lobbying in support of that decision.

Eurofighter is the largest European collaborative defence programme. I am confident that Germany, along with Italy and Spain, will join us in the production of this highly capable aircraft. As has been said, Eurofighter will sustain tens of thousands of high technology jobs in the four Eurofighter partner nations. The UK's Eurofighter will be assembled at British Aerospace's Warton site in Lancashire from components manufactured by industries of the four partner nations, with work on the EJ200 engine concentrated at the Rolls-Royce plant in Filton, Bristol.

The export potential for Eurofighter has been mentioned by my hon. Friend the Member for Leigh and others, and it is good. A number of countries have already expressed interest in Eurofighter. Further delays to the production phase of the programme run the risk of jeopardising Eurofighter's export potential, especially in the face of fierce and fairly ruthless competition.

Eurofighter is also an important element of European defence co-operation. That was stressed by my hon. Friend the Member for Leigh. It is central to the future of European defence and crucial also to the future of the European aerospace industry because of the key skills, particularly those relating to systems integration, that are supported by defence investment. In short, I confirm once again that the Government are totally committed to the Eurofighter programme and are determined that it will succeed.

Air power is an essential component of the United Kingdom's defence capabilities, and it will remain so into the future. The Government are committed to providing our forces with the best equipment available to meet the role that we demand of them on behalf of the British people as a whole. It would be indefensible to ask our brave airmen and women to undertake the hazardous missions that we may demand of them without giving them the tools for the job. We must act now for the replacement of aircraft that will reach the end of their lives in the next decade. Eurofighter is demonstrably the most cost-effective and capable solution to the clear requirement for a new fighter aircraft to meet the challenges of the next century.

It is incumbent on us to provide this aircraft for the Royal Air Force. It will give it the aircraft that it wants and needs and help to guarantee the future of the European aerospace industry and the maintenance of tens of thousands—

Mr. Deputy Speaker: Order.

Mr. Alan Clark: On a point of order, Mr. Deputy Speaker. It is listed in the Register of Members' Interests that my family trust is a shareholder in Boeing aircraft. I believe that by no stretch of the imagination could Boeing be considered as an alternative supplier to EFA. The House may feel that I should have declared that interest at the outset of my speech, and I apologise for not having done so.

Mr. Deputy Speaker: I am sure that the House is grateful to the right hon. Member.

Fishing Fleet

11 am

Mr. Alex Salmond (Banff and Buchan): This is the first fisheries debate of the new Parliament. I am pleased to be introducing it, and I welcome the new Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food, the hon. Member for Scunthorpe (Mr. Morley), to his place. When he and I were both in opposition, we often bemoaned the lack of time allocated to this important industry. It was not just the number but the duration of such debates that made it difficult for all hon. Members with fishing interests to contribute. Now that he is in a position of absolute power—or relative power, anyway—I am sure that he will respond by saying that he will do his bit to ensure that hon. Members representing fishing constituencies around the coastline have more opportunities to debate the fishing industry in this Parliament than they had in the previous one.

I shall direct my remarks to quota hopping, because that is the first parliamentary opportunity since the statement on the Amsterdam summit to consider the Government's claims of achievements at that meeting in detail, and to find out what progress the Minister thinks has been made since then and what hopes he has for resolving this long-running and bitter issue.

The House will forgive me if I begin my remarks by making a couple of constituency points related to the fishing industry. I pay tribute to J. D. Buchan, who died at the weekend. He was the former chairman of the Peterhead harbour board. John was a very special man, and was a dominating influence on the development of Peterhead harbour. He was involved in the fishing industry for fully three quarters of a century, and had his skipper's ticket before the second world war, which took him into service with the Royal Navy.

J. D. was gifted with enormous vision in all the many activities that he undertook in the fishing industry. He will be sorely missed by his family and his wide circle of friends. As a Member of Parliament, I shall miss him for the wise advice and encouragement that he gave me in the past 10 years. I should have greatly wished to be at his funeral in Peterhead today to bid him farewell, but I know that he would have insisted that I be here in my place to debate the future of the industry that was his life and work.

I shall also to refer to a company in my constituency, International Fish Canners, which is the last canning facility in the whole of the United Kingdom. I received a fax yesterday from its managing director, Mr. Michael Clark, who wrote:

> "I am the Managing Director of the last remaining fish canning plant in the UK, based in . . . Fraserburgh. It is one of the key components in our group of family owned companies in the fishing industry, centred in North-East Scotland. The business was acquired in 1990 from Norwegian ownership and, since then, we have put substantial investment in to the plant and have achieved considerable success in building the business up, both in the UK and, more critically, in export markets all over the world.
>
> Our success led to us creating an additional evening shift of workers some 18 months ago, but regrettably, we have now had to lay off that shift.
>
> With the Government's recent decision to hand over control of interest rate policy to the Bank of England, and that body's well-known obsession with inflation, we can only see the pound

strengthening further. This will inevitably have further drastic effects on businesses such as ours. Not only does it effect our ability to export, but it also makes it much easier for foreign companies to dominate the UK market. We feel it is time everyone woke up to"

the implications of that.

Mr. Clark draws attention to the direct impact of the present strength of sterling on jobs in the processing sector. The Minister will be well aware that the catching sector of the industry is highly vulnerable and sensitive to high interest rates. I hope that he will express some concern and tell us what representations he will make to Treasury Ministers about this severe combination of potentially high real interest rates and an extremely high value of sterling, and its impact on the catching and processing sectors of the industry.

I hope that the Minister will forgive me for making those two constituency points at the outset of my remarks. I shall keep my speech brief, because many hon. Members from fishing constituencies are present and may wish to speak. As I said, I often bemoaned the fact that not everyone had the opportunity to contribute to debates so, although this is an involved issue with a long history, I shall try to set an example.

It is sometimes said that we have ended up with 25 per cent. of UK tonnage in Spanish and Dutch hands because individual fishermen have sold their licences to Spanish and Dutch influences. There is an element of truth in that—some licences have been sold, especially in recent years—but the House should remember where the key responsibility lies for strategic building up, particularly of the Spanish interest in the UK fishing fleet.

The licences of about 90 elderly trawlers were initially acquired by Spanish interests. The trawlers were allowed into the "non" sector—not the producer organisations sector—and from there they built up their track record of quota, and have emerged as a significant and often dominating influence in the UK fishing fleet. The key responsibility did not lie with the individual fishermen who haphazardly or for selfish reasons sold their individual licences, but with the Ministry that allowed the licences of elderly, and in many cases, non-fishing, trawlers to be bought or acquired and a strategic interest in the fishing fleet to be built up.

If the Minister acknowledges that key point on the line of responsibility, he must acknowledge the successor Government's responsibility to deal with the problem. It is a matter of public policy, and mistakes were made that allowed strong strategic interests to threaten the livelihoods of Scottish, English, Welsh and Northern Irish fishermen.

Mr. Christopher Gill (Ludlow): Is it not fair to point out that, as it is impossible for British citizens who own licences to discriminate against nationals of other countries, they have no means by which to refuse to sell their licences to a potential owner in another European Union country? That would go against the spirit of the treaty of Rome.

Mr. Salmond: I am not sure that the hon. Gentleman is right about that. When a private individual sells a licence—or a house for that matter—what he does is for him to decide. He is right to say that there are non-discrimination clauses for public policy, but not for private decisions made by individuals.

Perhaps the hon. Gentleman will be interested in my next point, because it brings us forward in time to the Merchant Shipping Act 1988. That Act was the most significant attempt to deal with this problem. The then Government acted on the beneficial ownership of the flagships and tried to head off the developing problem. I was on the Committee considering that legislation and, as a relatively new Member of Parliament, I moved an amendment to extend to the crews of fishing vessels the powers that the Government were seeking to give those with beneficial ownership. The amendment tried to ensure that crews had an economic interest—the Minister will recognise that phrase—in the boats on which they were fishing.

The then Government told us that there was nothing to worry about—that everything was in hand. Clauses that they were tabling would deal with the issue; my amendments—which were supported by the Labour spokesperson on the Committee—were not only unnecessary, but troublesome in their intent. Several legal cases and many millions of pounds later, we are now reaping the dividend from that Government's arrogance.

I do not know what Opposition Front Benchers will say in this morning's debate, but I suspect that they will not dwell too much on the history of the problem, which is littered with foolish decisions and subsequent inactivity. It would be reasonable for the Fisheries Minister to allocate to them a large measure of responsibility for the present position. Nevertheless, regardless of how that position evolved, responsibility for finding a way out of it now falls on the Minister.

As I have said, the history is important, but some recent history might also concentrate the Minister's mind. I was interested to note that, on his return from the Amsterdam summit, the Prime Minister apparently ruled out as ludicrous any treaty amendments or changes in legislation, because, as he put it, they were not supported by any other European Union Government. That was not quite the message that the Labour party was conveying to the fishing industry before the general election, when it was still in opposition.

On 14 March this year, *Fishing News* reported on a meeting between the Foreign Secretary and fishing interests at the Scottish Labour party conference in Inverness. The first paragraph states:

"A Labour Government would have more chance of getting the treaty changes at the intergovernmental conference (IGC) to end quota hopping than would the present Government, because it has a better relationship with the European Union and fewer disputes to resolve."

I see that some Labour Members think that that is true, but it seems that "more chance" actually meant "no chance" when the Prime Minister returned from the IGC. According to his analysis, any treaty change was out of the question—although that was not the analysis of the Foreign Secretary when he spoke to fishermen before the election.

Writing to the Scottish Fishermen's Federation before the election, the Prime Minister said that he "would not rule out" blocking the IGC in order to resolve the issue effectively and properly. That contrasts sharply with the words of the Minister of Agriculture after the election. On 13 May, he told *The Scotsman*:

"Quota hopping is not a major issue at the intergovernmental conference."

[Mr. Salmond]

Before the election, the Prime Minister was saying that he would not rule out blocking action to halt the IGC; after the election, a Minister in his Cabinet was saying that it was not a major issue at the intergovernmental conference. Before the election, the Foreign Secretary was saying that a Labour Government would have more opportunity to resolve the issue, because of their better relationship with our European partners; after the election, the Prime Minister told the House that effective treaty change was out of the question, because it lacked support.

Because of the Spanish Government's determination on a number of fisheries issues—particularly the issue of accelerated access to western waters—they have managed, over the past few years, to secure unanimity on issues on which they should certainly not have been supported, because they made those issues their main or sole objective at intergovernmental conferences on European Council meetings.

The British Government had a range of objectives at the IGC. They had an objective on immigration and border controls, and they had the objective of stopping the embryo development of the European defence policy—I do not know why, and the Prime Minister said that he had achieved a major triumph in that regard when he returned from the conference. The House is entitled to ask why the Foreign Secretary was not as good as his word. Why did he not concentrate on the resolution of this long-running problem at the conference, rather than scattering the Government's objectives across a range of issues?

Following the IGC, there was a celebrated exchange of letters with the President of the European Commission. The first word from Amsterdam was that the Government had achieved another extraordinary victory. There was no doubt in the minds of the spin doctors that the Prime Minister had triumphed yet again over foes both foreign and domestic. The Prime Minister was rather more guarded when he came to the House on 18 June. He said that modest progress had been made. Today's debate will, I hope, reveal a lesson: we do not win on spin. Real victories must be based on substance—not just on good public relations, but on legislative or substantive change.

The obligation is fairly and squarely on the Government. The Fisheries Minister was an earnest and effective spokesperson in opposition. He and I have attended more fisheries debates than we care to remember. He was genuine and sincere in his attitude to the industry—but he is now responsible for that industry, and for telling the House today that the new licence obligations that will, or could be, placed on quota-hopping boats will be effective. That is now the policy, not a substantive change in legislation.

I note from the European brief on sea fishing that was issued last week that the President of the Commission has written not only to the Prime Minister, but to the Spanish Foreign Minister. According to the brief,

"Writing to the Spanish Foreign Minister, he"—

the President, that is—

"emphasised that his support was for measures which secured a real economic link between fishing vessels and their flag state. This did not necessitate changes or waivers to the European Union treaty. The suggestions that minimum landing requirements or crew residency requirements were optional means vessel operators might use to prove economic links with their flag state, but the UK cannot impose"—

according to the President—

"a landing requirement in isolation on vessels flying the British flag."

The Spanish Foreign Minister, in reply, has

"intimated that Spain might turn again to the European Court of Justice if it feels its rights are being weakened."

Let me crystallise the essential difficulty. If the measures that are taken are effective enough to achieve the objective of removing the flag boats, or "hassling" them off the UK register, they will be open to challenge in the European courts. If they are not effective, of course, they will not be challenged, but we shall be no further forward. That brings us back to the question of whether a treaty change is necessary to secure the position.

I have a number of specific questions to ask the Minister. First, if the new obligations on licence requirements do not achieve their objective of removing the flag boats within a reasonable time scale, does the Minister rule out seeking a treaty change in further negotiations at further IGCs on Council meetings? Secondly, will the Minister give an undertaking that, until we can evaluate the success or otherwise of efforts to remove the flag boats from the UK register, the 30 per cent. capacity reduction will not be implemented? As he will appreciate, if that 30 per cent. fell on the 75 per cent. tonnage that remains in Scottish, English, Northern Irish and Welsh hands, the impact on our domestic fishing communities would be very severe.

Thirdly, will the Minister guarantee that funds will be available to decommission quota-hopping boats? Will funds be available to offer incentives to flush out the quota hoppers from the UK industry? Fourthly, what balance does the Minister expect to achieve between decommissioning or effort limitation in the flags-of-convenience fleet and those in the domestic fishing fleet? What would be a satisfactory percentage reduction in either fleet, from his point of view?

As the Minister knows from parliamentary questions and conversations, I have supported the view of the Mallaig and North-West Fishing Association that many, perhaps the overwhelming majority, of flagged vessels have not met the Marine Safety Agency's regulations and courses on safety certification. Can he update the House on the progress of implementing measures on those vessels that would most certainly be implemented on domestic vessels? If any of my constituents, those of my hon. Friend the Member for Moray (Mrs. Ewing) or those of any hon. Member in a fishing constituency were so flagrantly in breach of MSA certification, I am certain that the agency would come down on them like a ton of bricks and stop their fishing effort forthwith. I understand, that in the past few weeks, the MSA's attitude has changed. Perhaps the Minister could update us on the success or otherwise of implementing effective changes in terms of coming down on flags of convenience boats.

I accept that the Minister is not responsible for the situation in which we find ourselves. That responsibility lies heavily on the Conservative party. The Minister and I and other hon. Members with fishing constituencies have rightly been severely critical of the Conservative Government's attitude over a long time. I hope that, in government, the Minister will live up to the views that he held in opposition.

I understand from the Prime Minister that the difference between the present Government and their predecessors relates to trust. The fishing communities are by no means convinced by the deal that was sealed in Amsterdam and the exchange of letters. They are looking to see whether their trust in the new Minister and Government is justified. For that to happen, there must be effective measures backed by real action, and we could start with a strong speech by the Minister today, in which he must convince the House that the measures agreed at Amsterdam will be more effective than past attempts.

11.21 am

Mr. Frank Doran (Aberdeen, Central): This is my first speech in the new Parliament after being between seats for the past five years. People continually ask me what changes I have noticed in the House since I returned. Fishing debates used to take place late on cold, wet November or December evenings. It is a pleasant change to be here on a sunny July morning for such a debate. I congratulate the hon. Member for Banff and Buchan (Mr. Salmond) on securing the debate. Fishing is an important matter not only for those who have fishing constituencies but because fish is widely consumed, an aspect of the industry that is rarely attended to. Fish is a healthy food, and we want to increase consumption of it.

The hon. Member for Banff and Buchan rightly focused on the issue of quota hoppers, which concerns us all. However, it is only one of the problems that the industry faces. I agree with the hon. Gentleman's analysis of the problems, and it is accepted throughout the industry and by those who have interests in it. The National Federation of Fishermen's Organisations and the Scottish Fishermen's Federation sent a joint letter to the new Minister of Agriculture, Fisheries and Food on 24 June. It baldly stated:

"There is no dispute that the previous Government repeatedly failed to take steps to halt the expansion of the flags of convenience fleet."

That is certainly accepted by Labour Members, and is a major cause of the problem. The hon. Gentleman spoke about the run-up to the recent intergovernmental conference. From where he sits in the House, he will make what he can of that. It was interesting to note that he did not attack the package that was secured at Amsterdam but spoke about its implementation and asked what the Government would do if what had been achieved at Amsterdam did not meet the problem and was ineffective in tackling quota hoppers.

During my years in opposition, we were utterly frustrated by the way that the Conservative Government tackled the problem of quota hoppers. There was always much publicity before the annual fishing debate, which as I have said was usually held in November or December, about how hard the Government were batting for us in Europe. It was said that, in discussions with the Norwegians, the cutlass would be taken out, and there was a meeting in Brussels. However, rarely was anything achieved. There was tremendous frustration because all the positive measures that we knew were being implemented in other European countries, such as decommissioning, adjustments to tackle and proper conservation measures, were never accepted here because they cost money, which seemed to be the bottom line.

We never seemed to make any progress. The Government always returned from Brussels with a meek acceptance of the deal on the table, and there was never any real sign of batting for Britain. The mess that we are in is a direct consequence of the way that the Conservative Government over 18 years failed to fight properly for the fishing industry.

Like, I hope, all those who are not Conservatives, I was extremely sceptical about Conservative pre-election claims on how they would hold the IGC to ransom. That is probably not the word that they used, but it was certainly the implication. It was said that there would be no deal at Amsterdam unless quota hopping was dealt with. Those of us who saw over the past couple of decades how the Conservatives manifestly failed to deal with the real problems were sceptical about that claim. That electioneering had a significant effect on the industry because it raised expectation.

In the light of what was achieved over the past 18 years and what has been achieved in the first few weeks of a Labour Government, there should have been much greater acceptance of what was achieved in Amsterdam. It is the first positive move by a Government on behalf of fishing in that time. The pre-election hype has certainly affected the view of what was achieved in Amsterdam. Of course there will be difficulties in the implementation of that agreement, and no one can guarantee that there will not be a legal challenge by Spanish or Dutch fishing interests. My understanding of the agreement between the President of the Commission and the Prime Minister is that letters have been exchanged in such a way and in such terms as to attempt to pre-empt any legal argument. There has been an attempt to clarify the legal position so that, if a case is taken to the European Court, our position will be strengthened.

It is important to implement all the steps that have been announced by the Minister for Agriculture, Fisheries and Food. The hon. Member for Banff and Buchan rightly reminded the House of his strenuous efforts to ensure that the safety regulations are properly applied and implemented. That has been an issue in these debates over the past 10 years. There was an apparent reluctance by the Conservative Government properly to police safety in the North sea. I have been greatly concerned about safety there in the context of the oil and gas industry. There was an overflow because many old fishing boats became safety vessels and we were aware of the quality of those boats and the problems that they faced. There must be a firm commitment properly to apply safety regulations. Enforcement must be common throughout the UK fleet and among the flagged-out vessels.

Another area of enforcement that has caused me much concern is the "black fish" that are distorting some of the economics of the North sea. My major constituency interest is not so much in catching as in processing and in the activities of fish merchants. More than 3,000 jobs in Aberdeen city, many of them in small companies, depend on the sale and treatment of fish. The information that I have is that the Scottish Office, through its fisheries inspectorate, is extremely rigorous in checking fish that comes into the Aberdeen and Peterhead markets, ensuring that it comes from legitimate catches, that it is properly recorded and that there is no opportunity for black fish to get on to the market. Allegations were made to me by some of my constituents that there was no similar treatment at English ports, particularly in Grimsby.

I tabled a couple of parliamentary questions to find out just how severe the checks were. I was told by the Scottish Office that the Scottish Fisheries Protection Agency

[Mr. Frank Doran]

checked 1,670 overland consignments of fish to the Aberdeen and Peterhead markets in the 12 months to May 1997, and was told by MAFF that, in the same period, only 14 overland consignments to the Grimsby market were checked.

That is a serious discrepancy. It backs up my constituents' allegations that MAFF in England and Wales is not doing the job that Scottish officials are doing to try to eradicate the problem of black fish. That is consistent with the lax treatment of the safety rules on fisheries vessels. I hope that the Minister can ensure that all those procedures will be tightened, because, unless we tackle all those problems—including black fish and fish conservation in the North sea—we shall face serious difficulties.

When I was attending those fisheries debates in the House, I was conscious that, perhaps like the farmers, fishermen and fishing interests were always crying wolf. Every year, we were facing another crisis and another disaster. As the years rolled by, the same message came across and the same language was used, yet the industry survived and moved on, although perhaps slightly altered.

Things have changed. Not only do we have a change of Government, but there is pressure, particularly from environmental interest groups, which include all of us now. Over the next few years, there will be serious changes in the industry. The whole issue of food safety and of the environmental protection of our natural resources means that the industry will face serious challenges as it moves into the next millennium.

Through my own relationships with the Scottish Fishermen's Federation, I know that there has been a change in the way in which the dialogue is conducted. Although it is critical of the deal that was struck at Amsterdam, and I understand its reasons for that, it is engaging constructively with Government to try to find a way forward. I like to think that that is because it knows that it has a Government who want to listen.

The fish merchants are taking the same view, and I have regular meetings with the Aberdeen Fish Curers and Merchants Association Ltd. in my constituency. The association has recently introduced a conservation policy, which would have been unthinkable a few years ago. Again, it is the beginning of a recognition of how serious the industry is threatened by these other problems. As I say, I think that that recognition is shared by all of us. It is important that the industry begins to speak in a different way and in a different language.

I know that some sections of the industry use a different tone. We are all concerned about some of the language that we hear from certain sections, which seem to take a more fundamentalist Eurosceptic line, but I make a plea to the whole industry that it is time that it pulled together to recognise that there are common problems and issues, on which the industry should be looking to find a common voice.

I was pleased with the response of my right hon. Friend the Minister of Agriculture to the deal struck at Amsterdam. He announced that there would be a summit of fishing interests. I hope that that will be taken as an opportunity to come together to find a common voice. The industry relies not just on fish catchers and fish merchants, but on consumers. I know that there are economic and practical difficulties in the sectors of the industry coming together to find a common voice, but it is in all their interests that they should do so.

11.36 am

Mr. Tony Baldry (Banbury): May I, first, welcome the new Fisheries Minister to his new post? He was an extremely conscientious Opposition spokesman, and I have no doubt he will be an extremely conscientious Fisheries Minister, although he may already have discovered not just the complexities of the issue in government but the constraints on any Minister as a consequence of collective responsibility and of actions by the Foreign Office and the Treasury. We have seen some of that since Amsterdam. It was a great privilege to be the Fisheries Minister, and I rise in the debate not out of any sense of self-justification but because it is important to place some comments on the record. The somewhat partial view of the hon. Member for Banff and Buchan (Mr. Salmond) should to a certain extent be challenged.

The UK has always had an extremely liberal regime—for understandable policy reasons—for foreign merchant marine registering on our Register of Shipping. There were good reasons for that. We wanted to maintain a large merchant marine. It encouraged employment by our merchant navy and ensured better safety standards. However, it meant that, in the mid-1980s, when decommissioning was introduced as a policy throughout the European Union to restrict catches in Community waters, it was easier for foreign nationals to register their vessels over here, effectively as UK vessels. Then, as we know, they were successful in purchasing licences from UK fishermen. Therefore, to all intents and purposes, under international law, they were UK-registered boats with UK-held licences.

As soon as that was recognised, the House and the Government sought to take steps to deal with it in the merchant shipping legislation of the late 1980s. Clearly Parliament thought that that legislation was effective and sought to enforce it as effective legislation. What we could not have anticipated—I do not think that Westminster could ever have reasonably anticipated this—was the attitude and approach of the European Court of Justice. In the Factortame case, it struck down that legislation on the basis that it was contrary to Community law and that it failed appropriately to give sufficient weight—

Mr. Salmond: Will the hon. Gentleman give way?

Mr. Baldry: I will give way in a second. I see the hon. Gentleman. Let me finish just this part of my speech.

The court believed that the legislation failed to give appropriate weight to the concept of the single market and that it was thus contrary to Community law.

The court misdirected itself, because fishing is the only area in the EU where we have national quotas, and it must make sense, if there are national quotas, for those to be for the benefit of the fishermen of that nation. If there is going to be a UK fishing quota, it must be for the benefit of UK fishermen.

One of the things that the House cannot get away from is that it is crazy for a substantial part of the UK fishing quota to be in the hands of foreign fishermen. That was

clearly something on which action had to be taken. Before I tell the House what action we sought to take, I happily give way to the hon. Member for Banff and Buchan.

Mr. Salmond: The House probably wants to concentrate on where we are now, without going too much into the past—

Mr. Baldry: The hon. Gentleman did it too.

Mr. Salmond: The hon. Gentleman is right. I did lay out the history of the matter; but, if he considers the Committee proceedings on the Merchant Shipping Act 1988, he will find that whether the Government's attempt to deal with the issue would fall foul of the European Court was thoroughly debated. Indeed, amendments were moved by me and the Labour party to strengthen the crews and residential requirements. The previous Government argued that those amendments would fall foul of the court which, in the light of what happened, was ironic.

Mr. Baldry: I share one piece of advice with the new Fisheries Minister. He can guarantee that the Scottish nationalists and the Liberal Democrats, who have never had—and who are never likely to have—the responsibility of government, are always blessed with the benefit of both hindsight and foresight. That is a characteristic of all fishing debates. I, too, want to deal with the present and the future, but it is important to work out how we got here.

Following the Factortame case, it was clear to everyone that the only way in which we would make substantial progress on quota hoppers was by treaty changes. The most convenient—and only—opportunity for treaty changes was at the intergovernmental conference. That is why we made it clear that we would not allow the IGC to conclude until the issue had been resolved.

The quota licences could not simply be confiscated, as they had been acquired legitimately, but it was our view that once our Community colleagues appreciated that we would not allow the IGC to conclude until the matter had been resolved—the then Prime Minister and Foreign Secretary made that clear—they would start to negotiate on ways in which those licences could be decommissioned, on compensation and on how we could move forward. We made that clear in the run-up to the general election and at the Council of Ministers meeting in Luxembourg.

The Labour party in opposition sought to give support to our approach and, at the time of the Fisheries Council, the then Leader of the Opposition, now the Prime Minister, said that the Labour party would consider not allowing the IGC to conclude. He gave the impression that he was taking a similar approach. That approach lasted until 1 May, when the Labour party changed its tune. Effectively, what was achieved in Amsterdam was no more than a restatement of the existing law. The exchange of letters is no more than what existed before 1 May. If Labour Members believe that something new was achieved at Amsterdam, they have been misled.

The fishing industry is now in the worst of all possible worlds. Unless the Minister tells the House today that the Treasury will give substantial new money to the MAFF public spending line for decommissioning, the Government will shortly have no alternative but to introduce a very tough effort control system and a tough days-at-sea policy. No one with any understanding of this issue believes that the measures that will arise from decisions at Amsterdam will have any effect on quota hoppers. There will be no reduction in the number of existing quota hoppers, and there is nothing to prevent further quota hoppers from coming on to the United Kingdom register.

Given the decisions taken at Luxembourg about reducing the catching capacity in the European Community—they apply equally to the United Kingdom as elsewhere—the future for the United Kingdom fishing industry is extremely bleak. As I understand it, there will be very little extra money for decommissioning and, as I have said, we are about to see tough policies on effort control and days at sea. The frustration is that such policies would bear down on those parts of the industry which are effective, profitable and competitive.

My shoulders are broad, and I am prepared to be judged by the fishing industry for my stewardship as Minister. I think that the industry's judgment may be kinder than the hon. Member for Banff and Buchan sought to give on the industry's behalf. We can say beyond peradventure that the Government have failed the fishing industry lamentably. There was an opportunity at Amsterdam, probably the only one this decade, to really sort out the problem of quota hoppers. That opportunity was missed and the fishing industry will pay the price for decades to come.

Mr. James Wallace (Orkney and Shetland): The hon. Gentleman talked about his stewardship and mentioned the Luxembourg Council of Ministers, which was probably his last major involvement as Minister. In the run-up to that meeting, it had been expected—indeed, Ministers had said it—that Ministers would try to put together a blocking minority to stop multi-annual guidance programme IV going through. That did not happen, despite the fact that we had the support of the French. Can the hon. Gentleman tell us why the expectation of a blocking minority was not fulfilled?

Mr. Baldry: I do not think that the hon. Gentleman will find any reference to my putting forward such a proposition in any debate or in notes of any meeting that I held with the Scottish Fishermen's Federation or the National Federation of Fishermen's Organisations. It was always clear to me that it would be possible for the Commission to buy off sufficient other member states for it to be impractical to put together a blocking minority.

I made it clear to the NFFO and to the SFF that our policy was that over a quarter of the United Kingdom fleet was in the hands of quota hoppers and that, if we could sort out that problem at the IGC, we would then have some leverage and could meet our decommissioning targets. No one ever pretended that that would be cost-free, but we had to ensure that our colleagues in Europe recognised that we were serious. I believe that they did recognise that the Conservative Government were serious, but the election intervened before we had an opportunity to implement our policy.

I fear that the United Kingdom fishing industry will pay dearly for what happened at Amsterdam. Nothing can hide the fact that it was a missed opportunity. I predict that, come the December fisheries debate, or even before then, the new Minister will have to come to the House and announce a strict days-at-sea policy. It will be

[Mr. Baldry]

interesting at that time to see whether all those Labour Members who cheered the Prime Minister on his return from Amsterdam are prepared to go into the Lobby to support the Government in introducing that policy, which will be a direct consequence of their lamentable failure to capitalise on the opportunity they had at Amsterdam.

11.46 am

Mrs. Sandra Osborne (Ayr): I congratulate my hon. Friend the Member for Aberdeen, Central (Mr. Doran) on his second maiden speech. It was different from a normal maiden speech, but it showed a great depth of knowledge of the fishing industry.

It is a great privilege to deliver my maiden speech as the first ever Labour Member of Parliament for Ayr and the first woman Member for the Ayr constituency. However, I am not the first woman to have carried the Labour standard for Ayr. In the past we have had excellent candidates in Jenny Auld and Jean McFadden. Several male Labour candidates in Ayr have gone on to serve as Members in other constituencies. They include the late Willie Ross, former Secretary of State for Scotland, Alex Eadie and Jim Craigen. Since I live in my constituency, both my immediate predecessors were my constituency Members of Parliament.

Phil Gallie and I were light years apart on almost every political issue, but I have no hesitation in praising his record as a hard-working Member on behalf of all his constituents. He was gracious and courteous during the election campaign and was particularly gracious in defeat on the night of 1 May. His predecessor had a somewhat different style from Phil Gallie. He was George Younger, the former Secretary of State for Scotland and Secretary of State for Defence, now Lord Younger of Prestwick. He may enjoy Prestwick as a title, but I enjoy Prestwick as my family home. In a short time, thousands of others will be desperate to become temporary residents of the Ayr constituency, albeit for only a few days, as we host the British open golf championships at Troon. I might have a spare room available if anyone is interested.

My constituency has golf courses, 15 miles of sandy beaches and lovely countryside, which are all important, but there is a great deal more to it than that. Prestwick is home to British Aerospace, which is going through a difficult period with the announcement of an end to the production of the Jetstream aircraft, which will lead to 380 redundancies. It is also the home of the air traffic control centre which the Government have recently confirmed as the new Scottish centre, securing 700 highly skilled jobs. There is also Prestwick airport, where freight and passenger traffic is forecast to grow considerably over the next few years. Not many hon. Members can get from their homes to the nearest airport in less than five minutes, but I have that advantage.

The other towns in the constituency include Ayr, which is a major shopping centre and the location for the South Ayrshire council, now happily under Labour control. It is both a seaside and a fishing town and it has a fine racecourse. In 1913, suffragettes burned the grandstand to the ground in support of votes for women. During the election, I went to the races with my right hon. Friend the Foreign Secretary. I backed a horse called Shadow Leader, ridden by a jockey called Osborne. It won and the grandstand survived.

The constituency also includes the town of Troon. It is not just a seaside and golfing resort: it is home to Ailsa Shipbuilders. Fishing, too, remains an important local industry. Since my predecessor made his maiden speech on the same subject, the local fish market has been transferred from Ayr to Troon.

Wherever we go in the towns and villages of the constituency, we are never far away from the links with Robert Burns, Scotland's national poet, who was born in Ayr. Thanks to the Boundary Commission, his birthplace is now in the constituency of my hon. Friend the Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes).

One of the first things I had to do after the election was give up my job, after 13 years in the voluntary sector, with Kilmarnock and Loudoun women's aid. Voluntary work often goes unrecognised, so, with the indulgence of the House, I want to pay tribute to all the women who work to support abused women and their children.

When people ask me, as has happened frequently over the past few weeks, "Why did you decide to become an MP?"—a question that many hon. Members may ask themselves from time to time—I replied, "I was too small and too old to become a firefighter." However, now that my hon. Friend the Scottish Office Minister for Home Affairs and Devolution has announced a relaxation of the rules on height and age qualifications for the fire service, I may reconsider in five years' time.

I suppose that being a Member of Parliament is not so very different from being a firefighter. We need a head for the commanding heights of the economy; we have to deal with all the burning issues of the day; and our constituents look on us as an extension of the emergency services, to be contacted in a crisis—although they cannot yet reach us on 999.

By tradition, maiden speeches are non-controversial. However, I must say that during the short time that I have been here, one feature that I have noticed is that the fishing industry is among the most contentious subjects. There are long-term and seemingly intractable problems, and I get an impression of an indigenous industry in a state of low morale. It is therefore to be welcomed that my right hon. Friends the Prime Minister and the Minister of Agriculture, have sought to deal with the problems with a sense of urgency and suggested summit talks with the leaders of the United Kingdom fishing industry—something that was not characterised by the previous Government, as was illustrated by the somewhat defensive speech of the hon. Member for Banbury (Mr. Baldry), a former Fisheries Minister.

My constituency is illustrative of the fact that the industry does not start and finish with fishing vessels—it includes related industries such as fish processing, which employs many people in Ayr. I pay tribute to the all-party fisheries group. In the short time that I have been involved, I have been impressed by the commitment of all hon. Members with a fishing interest to working towards building a positive future for the industry. I have also been impressed by their strongly held views and depth of knowledge.

I thank the hon. Member for Banff and Buchan (Mr. Salmond) for securing this debate this morning and thereby enabling me and other new Members to further our knowledge of and interest in the fishing industry. Most of my hon. Friends have been able to pepper their maiden speeches with anecdotes from their first few

weeks in Parliament. However, as I am making my speech after many of my colleagues have made theirs, most of my best stories have already been told. New Labour still believes in the common ownership of a good story. Perhaps that is no bad thing, as many hon. Members wish to contribute to the debate and I am interested in hearing their speeches.

I shall end my speech by saying how proud I am to have been allowed the indulgence of the House to make my maiden speech as the first ever Labour Member of Parliament for the Ayr constituency.

11.54 am

Mr. Christopher Gill (Ludlow): I congratulate the hon. Member for Ayr (Mrs. Osborne) on her maiden speech. She spoke of her constituency with great pride and the House is left in no doubt that she will be a bonny fighter for the Ayr constituency in the years to come. The House will also appreciate her generous tribute to her predecessor, Phil Gallie.

I congratulate the hon. Member for Banff and Buchan (Mr. Salmond) on obtaining this debate, which he opened by congratulating the Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food, the hon. Member for Scunthorpe (Mr. Morley), on having achieved absolute power. Later in his speech, the hon. Gentleman qualified that remark by pointing out that the Minister has responsibility for the fishing industry. I must point out that, while he has that responsibility, he has very little authority with which to discharge it. As we all know, in these matters competence rests with the European Union, not with the Westminster Parliament. That is wholly unsatisfactory to many of us, and it is a negation of parliamentary democracy.

On 23 July 1996, when the Minister was the Opposition spokesman, he said about the common resource aspect of the common fisheries policy:

"We must deal with that issue and remove that term from the CFP."

Those were brave words. Later, he said:

"We believe that the CFP should be radically reformed to allow us far greater autonomy and national control of fishing waters within our country's limits."—[*Official Report, European Standing Committee A*, 23 July 1996; c. 24-25.]

It would be reasonable to suppose that by "our country's limits", the hon. Gentleman was referring to the 200-mile zone established by the last Labour Government under the Fishery Limits Act 1976.

All that was 12 months ago. As the hon. Gentleman must realise, the only significant change in the interim was not, as I shall show, to the CFP, but the fact that he has become the hapless Minister responsible for fisheries. Nothing else has changed. Ample evidence of that is contained in the exchange of letters between the Prime Minister and Jacques Santer, the President of the European Commission, on 17 June.

In spite of all the huffing and puffing in opposition—something to which the hon. Member for Banff and Buchan referred—and in spite of all the heady rhetoric post Amsterdam, the reality is that, as is made clear in the opening paragraph of Santer's letter, we are where we always were: on course for the eventual and total realisation of Council regulation No. 101/76, which lays down a common structure for the fishing industry. It is not a structure for national fishing industries, but a structure for a European fishing industry, fishing in European waters and catching European fish. In other words, it is the old cry of equal access to a common resource.

Time does not permit an exhaustive analysis of the President's letter, so I shall confine myself to the first paragraph, in which he says, inter alia:

"The Common Fisheries Policy . . . provides for the conservation and management of fisheries resources throughout the European Community".

That simply confirms what many of us have long known: each member state has ceded exclusive competence for fisheries to the European Union.

The same sentence in Santer's letter continues:

"to assure the long-term development of the fishing industry".

It mentions the EU fishing industry, in the singular, but not the fishing industries, in the plural, of individual member states.

In his letter, Mr. Santer went on to mention

"the well-being of fisheries-dependent communities",

but that is simply a recitation of article 9 of Council regulation No. 101/76. He also mentions "the interests of consumers", which is referred to in article 1 as the "general economy".

The so-called "special letter" does not provide any new safeguards or concessions. It simply restates something that I and others already know but which successive Governments have refused to realise: in 2002, we will reach the end of the current discriminatory transitional period, at which point part 1 of article 2 of 101/76 will come into full effect:

"Rules applied by each Member State in respect of fishing in the maritime waters coming under its sovereignty or within its jurisdiction shall not lead to differences in treatment of other Member States.

Member States shall ensure in particular equal conditions of access to and use of the fishing grounds situated in the waters referred to in the preceding subparagraph for all fishing vessels flying the flag of a Member State and registered in Community territory."

Therefore, as my hon. Friend the Member for Banbury (Mr. Baldry) said, the Prime Minister achieved nothing at Amsterdam, and Mr. Santer's letter tells us precisely nothing that we did not already know. All the exchange of letters confirms is that Parliament has given away the nation's greatest renewable resource. The Government, for all Ministers' rhetoric and messianic zeal, have failed to defend a vital national interest.

Mr. Anthony Steen (Totnes): Will my hon. Friend give way?

Mr. Gill: I am on my peroration now; I am so sorry.

The brave new Labour Government went to Amsterdam but, on fisheries and other issues, they went belly up.

12.1 pm

Mr. Bob Blizzard (Waveney): I thank the hon. Member for Banff and Buchan (Mr. Salmond) for providing this opportunity to debate quota hopping, which is a major issue in Lowestoft, in my constituency. Fishermen undoubtedly want those lost quotas returned and feel that they have suffered from the effects of multi-annual guidance programme IV before it has even

[Mr. Bob Blizzard]

been introduced. There is also no doubt that, during the general election, fishermen counted on recovery of those quotas to enable them to deal with forthcoming fishing reductions. One can therefore understand the disappointment that they must feel.

All hon. Members realise that the problem facing the Government is how to get the quotas back. As has already been said, one cannot confiscate something that has been bought legally. We can try to buy the quotas back, but other countries will not sell them, and that is the significant point. Of all European Union member states, only the United Kingdom has a serious problem with quota hopping. I asked fishermen in Lowestoft, "Can't you retaliate and hop on other people's quotas?" They replied, "You just try. You can't—they're not for sale." That is the problem. We should be asking how we got into that situation.

There was no support for a protocol in the lead-up to Amsterdam. I believe that both the previous and the current Governments had either to make the best of a bad situation or to block the intergovernmental conference, thereby probably quitting the European Union altogether. I know many fishermen who would like to leave the EU, but that will not happen, because, as we know, it would be a complete disaster for most other UK industries.

I am sure that most of my hon. Friends in the Scottish National party would accept those consequences of leaving the EU. Let us suspend disbelief for a moment and imagine that, on 1 May 1997, the Scottish nationalists swept to power in Scotland and achieved their aim of independence in Europe. I am sure that, at the IGC, they would not have wished to leave the EU because of the fishing issue.

Mr. Salmond: There is a difference between blocking an intergovernmental conference and leaving the European Union. I draw the hon. Gentleman's attention to the number of times that the Spanish Government have blocked intergovernmental conferences or Council of Europe meetings to gain advantage for their fishing industry. Does he appreciate the distinction?

Mr. Blizzard: There may be a distinction. I believe, however, that—because of the history of the previous Government's attitude to Europe and the almost total breakdown in our relationship with our European partners—the type of obstruction that was considered would have had serious consequences for our membership of the EU and for progress in other policy spheres. The new Government have made the best of the situation in which they found themselves. Statements have been made on this subject, and I hope that more fish will be landed in British ports and that more jobs will be available on those boats for British fishermen.

Mr. Steen: As I am the vice-chairman of the all-party group on fisheries, and have the second largest port in England and Wales in my constituency, may I ask the hon. Gentleman a question? Is he aware that my fishermen say that, despite Amsterdam, no more fish will be landed in British ports than are currently landed? They say also that those landed fish will not go into British fish markets and the British fish industry but will be packed on a lorry and sent to Spain or to Holland. That is not much of an achievement, is it?

Mr. Blizzard: In Lowestoft, there is a trawler—which is a Lowestoft trawler with a Lowestoft company—that, purely and simply, is a quota hopper. It does not land any fish in the port of Lowestoft, although it is registered there. Proper enforcement of the agreement reached in those letters will require that that ship lands a significant proportion of its catch in the United Kingdom. It therefore seems reasonable to have every hope that the ship will land its catch either in the port of Lowestoft or in another UK port. The ship is fishing the same fishing fields off Lowestoft that it fished before it became a quota hopper.

Lowestoft fishermen also want proper regulation of quota hoppers and for quota hoppers to be as severely inspected as the British fleet. The Government have said that they will achieve that objective, and they have started to do so, as I am sure fishermen will appreciate.

We must also achieve an agreement between scientists and fishermen on what stocks are in the sea. I speak to scientists, who tell me one thing, and to fishermen, who tell me something else. Both groups are adamant that they are right, but they cannot both be right. I am pleased, however, that we have made some progress in Lowestoft in getting the two sides together and finding a means by which they can agree what can safely be caught to sustain stocks.

I agree with other hon. Members that there is a fundamental contradiction between the principles of the single market and the entire basis of the common fisheries policy, which is fixing member states' allocations. The contradiction should have been dealt with at the beginning, when the common fisheries policy was drawn up, but it was not. Why was the contradiction not discovered then? It should also have been dealt with in the most recent review of the common fisheries policy, but it was not. The previous Government have told us nothing about what happened.

We must examine those issues in preparing for the next review of the common fisheries policy, when, I think all hon. Members will agree, there will have to be radical reform. It is painfully obvious that the common fisheries policy has not worked, because it has not conserved fish. People in my constituency, like people across the UK, become very angry when they see the spectacle of fishermen throwing back dead fish, which they have to do if they are not to become criminals in their daily work. The public are outraged about such waste.

As we work towards a new agreement, we will have to accomplish some crucial goals. We will have to ensure that, in implementing MAGP IV, fish markets can survive. If our fish market in Lowestoft collapses, for example, our entire fishing industry will collapse. It is therefore essential to maintain the markets. I look forward to the Government supporting our fishing industry and working with it, as the Spanish, Dutch and other Governments have clearly done. Such support is why their fishing industries are strong and why we have inherited a situation in which our industry is weak.

12.9 pm

Mr. David Curry (Skipton and Ripon): I congratulate the hon. Member for Ayr (Mrs. Osborne) on her maiden speech. It is good that she chose to make it on the subject

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of fisheries, which used to be something of a minority interest in the House, which meant that debates on it took place late at night. The hon. Lady spoke with clarity, humour and commitment, although she appeared to announce her possible resignation four years from now; we shall have to wait to see whether her appreciation of the House improves as the years go by.

I have very pleasant memories of Ayr. My wife and I stayed in a bed and breakfast there; when the landlady asked whether I wanted one egg or two—

Mrs. Margaret Ewing (Moray): This is irrelevant.

Mr. Curry: I am merely following the courtesies of the House, as I am sure the hon. Lady understands. I said that I would have two eggs, and my wife said that she would have the same, but the landlady said that that was only for gentlemen.

I hope that the Parliamentary Secretary and I will find some common ground. We have frequently faced each other across the Dispatch Box and often found ourselves in agreement. He will find, as my hon. Friend the Member for Banbury (Mr. Baldry) and I found, that dealing with issues in practice is a great deal less easy than speculating on how they might be dealt with in theory.

Fishing is a difficult industry and a difficult environment. My concern is that the Government are seeking to tackle the problem of quota hopping with measures that could have little effect in practice and could well be unsustainable in law. My fear is that licence conditions will simply not do the trick—we know, because we tried them. That is the history of the Merchant Shipping Act 1988 and the Factortame case, to which reference has already been made.

The alternative approach is not easy. I do not pretend for a minute that the business of treaty amendment will be obtained easily or at the first attempt, but I am disappointed that the Government appear to have written it off without even giving it a serious outing at summit level, despite remarks made by various representatives of the Labour party in the run-up to the election. Also, the Government's proposals are so tentative in construction and legality that it is not surprising that the industry regards them as showing a lack of commitment.

We have first to examine the practical utility of the measures. Three new licence conditions are proposed, which the letter from the President of the Commission to the Prime Minister suggests are either/or, not cumulative. That is the interpretation that has to be put on that letter. The first measure is the requirement to land 50 per cent. of a catch in the United Kingdom. Of course, there is already a category A pressure stock licence condition concerning visiting conditions if less than 50 per cent. is landed. The second is the requirement for the majority of a crew to reside in the UK, and the third is the requirement that most fishing trips should start from the UK.

Mr. Steen: Will my right hon. Friend give way?

Mr. Curry: Very quickly.

Mr. Steen: Is my right hon. Friend aware of another letter from Jacques Santer to the Spanish Government in which he said that any country that did not want to land fish in another country did not have to do so?

Mr. Curry: I assure my hon. Friend that I was going to refer to that letter.

We have to be careful about the first of the proposed conditions—that 50 per cent. of a catch should be landed in the UK—and must ask to what extent it will affect British fishermen, because Scottish pelagic fleets land in Holland and Norway, and English east coast vessels land in Holland. There is no point trying to introduce measures that are designed to catch quota hoppers but end up causing difficulty for our own vessels. Also, as my hon. Friend the Member for Totnes (Mr. Steen) said, products can be shipped practically straight from the dockside on refrigerated lorries to onward overseas destinations, thus bringing precious little local benefit.

As for starting journeys from the UK, I wonder what practical impact that would have. I suspect that many quota hoppers would simply clock in at Milford Haven as they went past and that that would count as having started their journey from the UK. If the conditions are to be more rigorous, and if there is to be more substance to them, the Parliamentary Secretary will no doubt spell it out when he responds to the debate.

The only condition that might yield some interest is the residence requirement—I suspect that it is intended to give British vessels a let-out. If it stood alone, it might produce some useful pressure but, even then, verification and control present obvious difficulties.

Do the Government envisage further conditions—for example, a requirement that vessels be inspected as they leave fishing grounds when they are under British registration? The hon. Member for Banff and Buchan (Mr. Salmond) asked the relevant question whether the Government intend to reinforce the proposals with decommissioning measures aimed at quota hoppers, thus introducing the carrot and the stick.

I am concerned about the legality of what is proposed. When in government, we had the experience of trying to deal with the problem by introducing legislation but then running foul of international law in doing so. That is bound to be a preoccupation.

We have a tale of several letters. The Prime Minister set out measures to demonstrate that quotas

"are contributing substantial economic benefits to populations dependent on fisheries . . . in the flag states".

He asked the Commission to

"look constructively at and give its opinions on any draft UK measures"

in respect of the three conditions.

Jacques Santer's response was very guarded. He stated:

"With regard to the measures designed to get economic benefits for populations dependent on fisheries and related industries I should clarify that such measures may imply"—

that is a curious word in this context—

"requirements to be met on an alternative basis and concerning, inter alia",

and he then mentioned the three conditions. He signed off by saying that the Commission

"remain ready to further clarify our view on possible measures which your Government may envisage in this respect."

If that is a sort of "come hither" message, it does not seem to burn with the unrequited passion attributed to it.

Even that letter, however, got Mr. Santer into a certain amount of trouble. This brings us to the third letter—that from the Spanish Foreign Minister, Mr. Abel Matutes, to Mr. Santer on 19 June. It comprises five pages of fairly indignant protest. For example, he stated:

[Mr. Curry]

"during the IGC the Commission representative supported my country's position, presented in various memoranda, where we stressed among other things that to place any restriction on the activity of any Community-registered vessel, such as an obligation to unload or for the crew to reside in the flag country, was incompatible with the Treaty and with jurisprudence. In the meeting of 30 September 1996, the Commission representative stated that he followed the line agreed in the College of Commissioners. Moreover, even the British request for amendments to the Treaty was expressly based on the impossibility of introducing the desired restrictions with the existing *acquis communautaire*."

The Spanish Minister gave a detailed analysis of the judgment of the European Court of Justice in the Jaderow case, one of the celebrated cases in fisheries history. He continued:

"From this it follows that a member state, on fixing the way in which it will use its quota, in accordance with Art 5 part 2 of Regulation 170/83, cannot demand that catches or parts thereof should be unloaded in its own ports."

He quoted extensively from the judgment and argued that any conditions with which the British Prime Minister returned from Amsterdam would be very difficult to reconcile with European law. Jacques Santer then replied in the terms presented to the House by the hon. Member for Banff and Buchan and my hon. Friend the Member for Totnes. That seems to leave a very thin thread linking the proposed measures with effective control of quota hoppers.

I hold no brief for the Spanish. We faced the same difficulties, and the Minister will come back to the House with the next batch of measures before long, but I am entitled to share the view of the fishing industry that the Government's proposals are likely to come under intense legal scrutiny and could well fall foul of the treaty as interpreted by the European Court of Justice. That would take us back to square one.

I seriously doubt that the Government's proposals have the legs to finish the course, but I hope that they do. I do not want the Government to fail. We have tried to crack the problem for many years, and I have bitter experience of trying to make things work.

Does it matter if the proposals do not work? Yes, it does. First, it matters because we have all been looking for a way to enshrine the spirit of the 1983 agreement by adding nationality criteria to beneficial ownership—in other words, to reconcile the treaty provisions on free trade and the movement of people and capital with the concept of fishing for the benefit of coastal communities in the flag state.

Secondly, it matters because the new multi-annual guidance programme, or fleet limitation exercise, is upon us. It is crucial that it should take account of the problem of quota hoppers, and I want to know from the Parliamentary Secretary whether he intends to proceed with it if it is demonstrated that the formula will not deliver the benefits he seeks from it. It is a complicated MAGP, and I look forward to his coming back to the House and explaining how he will make effort control and days at sea work. If that is the route that he goes down, it will be a trip down a nostalgic byway, which many hon. Members will remember, having been through that debate before.

I hope that the Government's proposals—minimalist though they are—will work. I hope that the statements about the involvement of local communities will have substance. I hope that the element in the agreement about better enforcement will be given effect. However, I have the right to doubt seriously whether the proposals are more than the tiniest incremental improvement, which may well be challenged. I wish the Government luck, but I suspect that the Minister will be back to tell us that this attempt did not work and what is to be the next wheeze.

12.19 pm

The Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food (Mr. Elliot Morley): I am grateful to the hon. Member for Banff and Buchan (Mr. Salmond) for providing the House with this opportunity to discuss in depth the issue of flag-of-convenience vessels, together with the Government's action to address the issue. He is right to say that, in the past, we have made common cause in arguing that we should have more time for debating fisheries. Fishing is an important industry in this country and there are many hon. Members from fishing areas who want to make their points.

I sympathise with the hon. Gentleman's constituents and also with his comments about the effects on exports of the high pound. That is an issue for my colleagues in the Treasury, but they are well aware of the effects on exports of the high pound and of high inflation. It is ironic that the pound is so high, because people see this country as having sound fiscal management under the present Government. Nevertheless, there were measures in the Budget designed to reduce the pound's value, although it may be some time before they take effect, and I know that my right hon. Friend the Chancellor is aware of the issue.

The importance of this subject is borne out by the large number of hon. Members who have participated in the debate. We heard from my hon. Friend the Member for Aberdeen, Central (Mr. Doran), who has made a welcome return to the House. We value his knowledge, especially of the processing sector, and the fact that he plays an active role as secretary of the all-party fisheries group. The hon. Member for Banbury (Mr. Baldry) outlined the previous Government's position. He was fair, albeit somewhat selective in his use of historical quotes. My hon. Friend the Member for Ayr (Mrs. Osborne) made a maiden speech which was witty, informative and, with offers of racing tips and accommodation for golf tournaments, extremely generous. We welcome her valuable contribution to the debate.

The hon. Member for Ludlow (Mr. Gill) is always consistent in debates such as this—he may be consistently wrong, but he is certainly consistent and he is a long-standing contributor. He made an important point about equal access. I am on record as saying that equal access is not valid in relation to the modern common fisheries policy; in addition, it is not now relevant, given that relative stability has now been accepted by the Commission and all the other member states. We should move away from it, and the review in 2002 will give us an opportunity to do so. I, too, have been consistent and I have not changed my position on equal access.

My hon. Friend the Member for Waveney (Mr. Blizzard) was one of the first Members of Parliament I saw as Fisheries Minister, which shows that he is a great champion of his fishing port. I take his comments on behalf of his fishermen very seriously indeed.

I shall try to respond to the points raised in the debate, but that will be difficult to do in just 10 minutes.

Flags of convenience are important in relation to quota hopping. The issue has been raised many times both inside and outside the House, but it has been somewhat distorted and, in some cases, used as a stick to beat the European Union by people who have agendas other than the interests of the fishing industry. Over the years, that has damaged the United Kingdom's interests and our fishing industry. To some extent, the fishing industry has been misled, for example, in respect of the protocol and the intergovernmental conference.

The previous Government's position on the IGC and the protocol was entirely bogus, as events have proved. Whether or not that action would have worked can be seen in the Government's position on the beef war. They threatened all sorts of non-co-operation, but in the end they made no progress toward getting the beef ban lifted. The same would have been true in respect of the IGC. It is true to say that, in opposition, Labour party spokespeople did not rule out the approach advocated by the Government. It would have been wrong for us to do so, because it is sensible to consider all approaches and any way to make progress. Of course, in opposition we were not in possession of the full details of our chances of making progress in that way.

Mr. Salmond: As the Parliamentary Secretary knows, expectations were raised. The hon. Gentleman says that nothing was ruled out, but the industry feels that certain obligations were undertaken. The Government have chosen to go down the road of the protocol and licence conditions, but the industry is sceptical about the efficacy of that approach. Given that raising of expectations before the election, does the hon. Gentleman accept the obligation? The route chosen by the Government will have to bear fruit, or the industry and many Members of Parliament will be very disappointed indeed.

Mr. Morley: I do accept that point. We made it clear that we would not rule out any approach; what we were concerned about was making some progress. We believe that the route we have taken has delivered some improvements, to which I shall refer.

When we examined the facts and calculated the chances of our obtaining a protocol, it became clear that it was not a realistic option. As hon. Members, especially former members of the Government, know only too well, a protocol in the IGC would have needed the unanimous agreement of every single member state. It was clear to us that at least two member states—Spain and Holland, which both have an interest in quota hopping—were certainly not going to agree to any protocol that would have a meaningful effect on dealing with quota hoppers. It was not, therefore, a runner. We made it clear that we would explore all the various routes.

Mr. Gill: Will the Parliamentary Secretary give way on that point?

Mr. Morley: Yes, but very briefly, because I want to respond to some of the points raised.

Mr. Gill: Does the hon. Gentleman accept that the protocol could have been obtained if the Government had held up the progress of the whole intergovernmental conference? That was my point, which he has avoided answering.

Mr. Morley: Absolutely not—I will come to it in a moment.

Unanimous agreement was needed, but it was clear that it would not be forthcoming. We wanted to look at other ways of tackling the issue. I should make it clear that, even under the Government's proposals, the protocol would not, in itself, have removed a single quota hopper or retained any quota to the UK fishing industry, because the quota hoppers were the legal owners of their quota.

Mr. Andrew George (St. Ives) *rose—*

Mr. Morley: I cannot give way—I must make progress and time is extremely limited.

The right hon. Member for Skipton and Ripon (Mr. Curry) made a very intelligent contribution, but I disagree with him on whether licence conditions would be effective. I do not believe that they have been properly tried. We are applying licence conditions that are far more effective than previous ones, whereby quota hoppers had the choice of either landing 50 per cent. of their catch at a UK port or calling into a UK port, eight times a year for a minimum of eight hours. Of course, they opted for the lesser requirement, and the system was not effective.

We believe that what we propose is effective. We also believe that it is legally enforceable, because we have the President of the Commission's interpretation. The Commission—the guardian of the treaties—took legal advice, and the fact that that advice was put in writing by the President of the Commission is important and will count for a lot in any future legal dispute over interpretation.

The hon. Member for Banff and Buchan asked whether MAGP IV could be used if we felt that no progress was being made with licence conditions. MAGP IV is a separate issue; it is about sustainability and the proper management of our fish stocks. It is not credible or realistic to say that we will not implement MAGP IV if we do not see any progress. It is also a weak lever, because, when the previous Government said that they would not implement MAGP IV, grants for safety improvements and modernisation were stopped and we were unable to access decommissioning grants. We were not in a strong position. It was not a strong bargaining point. We cannot use funds for decommissioning in a discriminatory way, but we do not rule out a targeted decommissioning scheme. We shall be only too happy to discuss that with the industry.

No central record is kept that would tell us how many fishermen comply with the safety training regulations. The database of the Sea Fish Industry Authority includes only fishermen who have completed courses run by a member of the Group Training Association. Many fishermen will have undertaken training from other approved training providers. The onus for complying with the regulations rests on individuals and on the skippers and owners of vessels.

The Marine Safety Agency monitors compliance with the regulations during inspections of registered vessels. If any of the crew members do not comply with the regulations, the skipper, the owner of the vessel and the individual concerned can be prosecuted—

Mr. Deputy Speaker (Mr. Michael J. Martin): Order.

Middleton, Norfolk (Bypass)

12.30 pm

Dr. George Turner (North–West Norfolk): I am pleased that, in this debate on an issue crucial to some of my constituents, I have been joined, for moral support, by several other Norfolk Members who share my interest in the strategic development of our roads in East Anglia.

Before I talk about Middleton, I shall set the scene by saying that East Anglia is the Cinderella of our road network: a Cinderella who has been forced into shoes that have been too tight, which have hurt her increasingly as she has grown. Our Cinderella of a region needs to grow, so that our prosperity equals that of other regions.

Cinderella is not dressed in the baubles of monster motorways. We are not looking to six-lane highways or bypasses to bypass the bypasses of the 1970s. East Anglia has not caught up with the 1960s and 1970s, and that is the underlying problem confronting people in Middleton. The lack of investment in our road network causes fatal injuries and damages the local economy; moreover, it could undermine the prosperity of our region.

Middleton is close to King's Lynn, which is the heart of my constituency. It has a large and broadly based manufacturing sector for a town of its size. Road communications are increasingly important factors when many businesses take decisions on expansion and contraction.

Although road improvements have been promised since the 1970s, they have not arrived. The managing director of a large and important local company said of King's Lynn:

"The current local road network does not make it. The A47 is slow. It is dangerous and it inhibits commuting. The result costs us money and it costs us high quality people. Our analysis indicates if we were to build today in the UK, it would not be in King's Lynn and road access is the No 1 reason . . . If the A47 stays as it is, the questions will continue."

That worries local people. Given the history of Government broken promises on the timing of improvements, we believe that our local economy in East Anglia has already been damaged.

We know that our ports of East Anglia are being prevented from fulfilling their potential by inadequate road links, and throughout the county—from King's Lynn, through Norwich to Great Yarmouth and Lowestoft—those road links are hurting. Cinderella is hurting. She is not looking for the richness of motorways, just dual carriageways—major arteries of the type that were routinely built in the 1970s. The A47 is obviously such a major artery.

I did not want to devote my speech to economic issues. This debate was triggered by yet another tragic accident on the A47, almost two weeks ago. The timing of that accident and its seriousness—there was yet another fatality—led me, as the new Member for the constituency, to study the history of the broken promises of a bypass for Middleton.

In doing so, I have been helped by several people. I have been pleased to have the personal support of Colin Skipper, who, as chairman of the parish council, has written to me at length and helped me to piece together a history of promises stretching back to the 1940s. He was especially helpful because he has campaigned on the issue for more than a decade. Eileen Sheridan, the local councillor, allowed me to piece together newspaper cuttings, which tell a sorry tale.

The *Lynn News*, which has campaigned on the issue, has correctly identified the mood of the people. I should be pleased to show the Minister pictures of the accident. We know that we have a new Government who need time to consider things, but we want to ensure that they have before them, as they consider what action to take, the information—

Dr. Ian Gibson (Norwich, North): Does my hon. Friend agree that many accidents occur as holidaymakers return along that road from other parts of the country to the coast—Great Yarmouth, Hunstanton, Cromer and so on—and that the nature of the accidents there has been an increasing problem in the summer months?

Dr. Turner: My hon. Friend makes a valid point. One problem with our roads that the statistics do not show is the mix of the traffic, in which thundering lorries, caravans and vehicles driven by holidaymakers are mingled.

Mr. Bob Blizzard (Waveney): I admit that some of the thundering lorries that pass through Middleton are on their way to or from the port of Lowestoft, in my constituency.

It is disappointing that not one Opposition Member has deigned to attend the debate and listen to discussion of an important issue in an important part of the country—

Mr. Deputy Speaker: Interventions must be very, very brief.

Mr. Blizzard: Thank you, Mr. Deputy Speaker. I just wanted to emphasise the strategic importance of the A47 to my constituency, which suffers from extremely high unemployment. The only possible reason why its unemployment is double or treble that in other parts of the region is the isolation resulting from the lack of adequate road and transport links.

Dr. Turner: My hon. Friend has made valid points.

I shall now move on to the history of Middleton, and concentrate on the immediate facts that led me to seek this debate.

The earliest campaign that I found recorded was mounted in 1946, when the Middleton vicar referred to the need for a bypass for the village. The reason is obvious to any visitor. The A47 cuts through the centre of the village. It divides much of the residential area from the social area. If one wants to go to the pub or the school, one must cross that road.

Twice a day, young children of all ages must cross that road, down which thunders the traffic on the way to the ports, as my hon. Friend the Member for Norwich, North (Dr. Gibson) said, the caravanners, and the travellers, who are sometimes slightly tired, for the route they travel is not easy, and their attention is not always what it should be. I understand why the people of Middleton wanted a bypass.

In June 1971, the Government announced that the A47 would be comprehensively improved. I have in my hand a document issued by the Department of the

Environment in June 1974. It stated that the bypass was to be built, and asked the villagers which route they wanted it to take. Clearly, at the time of that consultation, the unsuitability of the road and the need for improvements to it were acknowledged. The villagers were told that the bypass would not be built until 1977, however.

In due course, that promise was delayed time and again, and was ultimately broken. Since then, there have been campaigns from time to time for a bypass to be built—often triggered by the sort of horrific accident that occurred again two weeks ago. One of the worst was in 1991, when another campaign was mounted following the death of the "village Gran", May Key. The vicar was quoted at the time as saying:

"We had all been thinking about a wedding, yet there we were standing in prayer in the middle of the road waiting for the ambulance and the police to arrive."

The lady in question had been crossing the road to go to church for her grandson's wedding. She was a lovely Christian lady, and Gran to the whole village.

In the past 14 months, there have been six fatal accidents in the village. In March 1996, a lorry driver was killed in a head-on crash with a Volvo. In June 1996, two people were killed in a collision between a Sierra and a lorry. In April 1997, two pensioners returning home to the Wirral, possibly from their holidays, were killed when their Fiat Uno collided with a lorry—very possibly from Lowestoft. In June 1997, there was a multiple vehicle crash in which the driver of a Ford Transit was killed. That accident, involving four vehicles—I have the pictures with me—took place yards from the school crossing.

The villagers find it hard to understand why officials say that our accident statistics are not especially high. That must be because officials gather their statistics for rather longer stretches of road than the immediate environs of the village. Naturally the villagers believe that the number of accidents is wholly unacceptable; and that something must be done soon.

Three times in the past two weeks, I have visited the village. On the last occasion, I went to see the children arriving at the school. About 40 of them had to cross the road. While I was standing there, a Transit van travelling towards King's Lynn came to a rather sudden stop, because the driver had just spotted a left turn in the centre of the village, which presumably led where he wanted to go. He also had to stop suddenly because a young woman was crossing the road with a pram—so he could not just turn the corner.

Behind the Transit driver was an eight-axle lorry travelling at least as fast as the speed limit. It had to slam on its brakes, and all the rear wheels locked up. I stood with my heart in my mouth watching the lorry slide towards the Transit van. It was a bright summer's morn—thank goodness for that. I dread to think what would have happened if there had been a spot of rain on the road. The lorry would not have stopped in time, and I would have witness fatality No. 7. The lorry involved in the collision two weeks ago was carrying seven-tonne pipes—not the sort of load we would want to come off in an accident in the middle of a small village.

I therefore understand the villagers' complaints. They have written to the local media and to Ministers in recent times with a number of important things to say. For instance:

"Imagine the fear that goes through your mind as you struggle with a buggy and a walking toddler across such a road, and the dread that a parent has when their 10-year-old goes out to play with their friends who live on the other side of the road."

Another lady wrote:

"The crossing patrol lady is there at school times and I must add what a brave lady she is. Nobody else would do it."

I for one certainly would not.

I pay tribute this morning to Margaret Rye, who has been doing the job for eleven and a half years, and who takes her life in her hands each time she carries her lollipop sign out in front of those lorries. I am told that people have to wait for 10 minutes, when the traffic is at its heaviest on a Saturday morning in the summer, before being able to cross. In the hands of this lady have been the lives of 40 children every school day for eleven and a half years.

The Government must take my story into consideration when they conduct their roads review. We have been promised a fresh start. We have a new Government, so let us have a new look at the situation. Let us forget the history of the 1970s, and get it right in the 1990s, so that the bypass can be built, not talked about, in the next millennium.

By all means let Ministers take whatever time they need. Today I seek an assurance that the Middleton bypass, which was deleted altogether from the roads programme last year, will be reconsidered; and that Ministers will keep a fresh and open mind. In that way, Cinderella will eventually get to the ball clad in shoes that fit her, even if they are not in the highest fashion.

I know that we may have to wait a number of years. I do not want to hold out to the villagers a timetable which I know to be impossible. There will have to be time for planning, consultations and doing the job properly—we shall have to wait several more years. But the accident problem cannot wait.

I know that officials of the Highways Agency have expressed a willingness to look again at ways in which the safety of the villagers and of those who drive through their village can be enhanced. I trust that the Minister will ensure that that is done with sensible speed and care. Consultation will be required, but the outcome must be action, not words. I do not want ever to have to come back to this Chamber again following another tragic accident of the type which, two weeks ago, led me to seek this debate.

I thank the House for its patience, and I hope that the Minister will be able to acknowledge the two simple requests that I have made.

12.47 pm

The Minister for Transport in London (Ms Glenda Jackson): I congratulate my hon. Friend the Member for North–West Norfolk (Dr. Turner) on securing this debate, although I am sure the whole House will sympathise with the concerns that occasioned his seeking it. He has dealt in some depth with the problems faced by his constituents in the village of Middleton on the A47 trunk road.

The A47 is a significant inter-regional route between the midlands and East Anglia, highlighted by its classification as part of the trans-European road network connecting the heart of England to the east coast ports. At King's Lynn several major routes converge: the A17 from the north and the A47 from the midlands; and, at the

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notorious Hardwick roundabout, the A149 to Hunstanton, the A47 to Norwich and the A10 to Cambridge and London.

The village of Middleton is a few miles east of the Hardwick roundabout on the A47 between King's Lynn and Swaffham. Clearly, a route linking Peterborough, Wisbech, King's Lynn, Norwich and Great Yarmouth is of considerable significance to the region. Many consider that high unemployment and poor economic prospects are at least partly due to the inadequate nature of the A47 as a major route serving a large, relatively remote area. In a recent Adjournment debate on transport in his constituency, my hon. Friend the Member for Waveney (Mr. Blizzard) made that very point, as he did again today.

Considerable progress has been made in improving the A47 over the past four years. Nine road schemes, including six bypasses, have been opened. Of particular significance is the £80 million Norwich southern bypass, and, most recently in 1996, the Walpole highway and Tilney High End bypass opened in the constituency of my hon. Friend the Member for North–West Norfolk. More than £150 million has been invested in A47 improvements in Cambridgeshire and Norfolk in the past 10 years. That is considerable investment by my Department, indicating the importance attached to the route.

None the less, as my hon. Friend defined in historic detail, those seeking major improvements to the A47 had their hopes raised and then dashed by the previous Administration. In 1989, "Roads for Prosperity" announced a major expansion of the road-building programme, including full dualling of the A47, but, before most of those projects even reached the public consultation stage, reviews in 1994, 1995 and 1996 reduced the A47 programme to just two schemes: the Hardwick flyover and the Thorney bypass.

The process for the people of Middleton was made even worse by the two-stage cuts, in which the major dual carriageway improvement was replaced by a local Middleton and East Winch bypass, to which my hon. Friend referred frequently, only for that scheme to be withdrawn two years later. I well understand the frustration of the local community, expressed on their behalf by my hon. Friend.

On 19 June, my right hon. Friend the Minister of Transport announced the Government's proposals for a thorough review of the national road programme. Its objective will be to determine what role roads should play in an integrated transport policy. Unlike the position under the previous Administration, this review will not take place behind closed doors, looking on an ad hoc basis at what schemes could be added or deleted from any proposed programme.

We shall consult widely between July and October, and we intend to announce the results in the spring, thus giving the opportunity for communities, local authorities, businesses and transport and environmental groups to give careful thought to the role of the trunk road network and the type of improvements that should be made.

"East Anglia—Roads to Prosperity" and the A47 Alliance have already consistently lobbied for improvements to the A47, and will make a major contribution to the review. They see an improved A47 doing for the north of East Anglia what the A14 has done for the south. However, others consider that Norfolk's central attraction is not only its countryside, coast and broads but its remoteness from major roads and motorways—[*Laughter.*] My hon. Friend the Member for Waveney laughs. Given his perspective, I well understand his mirth.

One of the key issues from the review will be balancing the demands for trunk road improvements to aid economic development and regeneration with the pressures for extra environmental bypasses to communities such as Middleton. Resources for trunk roads will continue to be limited, and we will also look at the overall balance of transport spending under all headings. We need to find a co-ordinated approach to the provision of transport infrastructure that is sustainable in the long term.

My hon. Friend has already described the considerable worries of his constituents about the environmental problems caused by heavy traffic in Middleton and the even greater concerns—which he described in graphic and disturbing detail—about road safety following the recent series of fatal accidents. My hon. Friend the Member for Norwich, North (Dr. Gibson) highlighted the fact that those concerns are not exclusive to Middleton, given Norfolk's attractions for holiday makers, and the contingent increase in traffic on its roads.

The constituents of my hon. Friend the Member for North–West Norfolk are clear that a bypass is the only answer that can solve their problems. However, none of the recent schemes even reached public consultation stage, so there is no prospect of a bypass being built in the next few years, even if such a scheme were to be included in the Government's new trunk road programme.

Middleton lies on the 16-mile Hardwick-roundabout-to-Swaffham section of the A47. A local bypass for the village of Narborough opened in 1992, but the remainder of the road is unimproved single carriageway. Middleton lies transversely across the trunk road, with a built-up frontage of only 100 yards on the A47. The 40 mph speed limit in Middleton is considered appropriate, and is generally observed, following improvements to signing.

Traffic flows on that section of A47 are some 11,000 to 12,000 vehicles a day, with some 15 per cent. heavy goods vehicles. The A47 generally is renowned for delays behind heavy goods and agricultural vehicles. The accident rate over the whole section is typical for a rural A road of that type. However, that is of no comfort to my hon. Friend or his constituents. He has described the four fatal accidents on the A47 in Middleton, which occurred in the past two years. There appears to be no identifiable problem with the road that is causing those accidents.

The Government and the Highways Agency regard the safety of all road users as one of their highest priorities, and the agency monitors all accidents on the network to see if there are clusters where changes to signing, road layout or other safety measures could make the road safer. Although no local schemes are proposed on that section of A47 in 1997-8, the agency will continue to monitor the A47 closely to determine whether any effective improvements can be identified and brought forward in the future.

Over recent years, the Department has investigated safety in Middleton several times, and has implemented measures that have been identified as a result. The 40 mph

speed limit has been extended twice; signing and markings have been improved; and kerbing has been raised. The 40 mph limit is generally complied with.

In January, officials from the Highways Agency met the parish council, police and others on site for an in-depth discussion about possible further measures and to examine ideas proposed by the parish council. It was agreed that the school crossing patrol—monitored, as my hon. Friend said, by a heroine—was located at the safest place to cross the A47, and a list of possible improvements, including improved visibility, flashing speed warning lights, village approach signs, textured surfaces, traffic lights, a footbridge and speed cameras, was considered. The village occupies a very short section of the A47, with properties adjacent to both sides, which limits the possibilities for improvement.

Although no improvements are currently proposed, the Highways Agency would be happy to have further discussions with the parish council about its concerns, and to look again at further ideas to improve safety.

My hon. Friend expressed the concerns of his constituents in Middleton about the environmental and safety problems caused by heavy traffic on the A47 through their village. The Government have embarked on a thorough review of the trunk road programme, and are consulting widely to ensure that the new programme makes a valuable contribution towards our integrated transport policy.

I can give no promises about the reinstatement of a bypass for Middleton and East Winch, although, as my hon. Friend is well aware, the Government have a particularly open mind. I can confirm, however, that the Highways Agency will continue to examine further safety schemes and monitor the situation on the A47, and to discuss ideas with the local community, so that, as my hon. Friend said, he never has to return to this House to give details of yet another fatal accident.

Freedom of Information

12.58 pm

Mr. Norman Baker (Lewes): I am delighted to have the opportunity to raise the topic of freedom of information in the first debate on the subject in the new Parliament. It is an extremely important matter—the foundation on which the rest of our democracy is built.

Governments have so much power over ordinary people's lives. They have the wealth of the civil service, the expertise of legislators, access to whatever information they want, a public budget to sell their ideas and guaranteed exposure in the media—all to ensure that Britain is painted as they wish it to be.

What is the counter-balance to all that power? There is one fundamental prerequisite: access to information—the opportunity for individuals to check what Governments are telling them, to tap into alternative sources of information and to weigh up the arguments. How can ordinary people challenge the Government if they cannot find out what the Government are doing? The press cannot function properly without information, not even Matthew Parris, whom I thank for his surprising level of interest in my activities and to whom I apologise for the fact that I am again in the House representing my constituents rather than being wherever he thinks a Member of Parliament should be.

Over the years, successive Governments in this country have found attraction in shadows and solace in darkness. In many ways we have a less open society than anywhere else in the west. In the United Kingdom the presumption has been that everything should be secret unless a reason is produced for making it public, whereas the presumption should be that everything is open unless someone decides that it needs to be secret.

I am not advocating the publication of every Government document. Of course some matters must remain secret—sensitive diplomatic correspondence, matters affecting national security, much advice to Ministers—but surely we can open things up without bringing the house crashing down?

Some of the matters held as closed files are beyond belief. I refer hon. Members to an article in the *Observer* a while back, entitled "Secrets the state dare not tell", which lists some of the files of which we are allowed to know the title but not the contents. They include the following matters of national security: taxi drivers carrying fares without depressing flag 1935–1952; police fees for surgeons 1926–1953; dangerous driving conditions at humpback bridge in Beckenham road, London 1935–1951.

That article is now a few years old, but I have seen no evidence that the previous Government did anything to speed up the release of files, so I would not be surprised if those were still closed. Perhaps the Minister could find out. I find it difficult to believe that there was ever anything in those files that merited them being closed, but the presumption for secrecy meant that they were marked as closed, and remain so to this day for all I know.

Then there are the parliamentary questions to which I have received answers in respect of records held but not released for public inspection. The Public Record Office tells me that the oldest document it holds dates from 1873 on the grounds of commercial sensitivity. It is difficult to

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imagine how that can be justified. As those records are land records, I would argue that who owns what should be public anyway, as I believe it is in Scotland, although I stand to be corrected. Surely any values attached to the transactions are now irrelevant.

The Home Office holds files going back to 1876, as another parliamentary answer this week revealed. To his credit, the Home Secretary promised in his answer to review matters since I had drawn them to his attention.

Other examples of information being concealed are more serious. Why has so much manufacturers' data on pesticides been kept secret in the UK on grounds of commercial sensitivity, when such information is freely available in the United States? When tests were carried out on cows with the artificial hormone BST, the milk from those cows was collected and sold, and we, the public, were not allowed to know from which farms the milk had come. Why were we not told until recently? I acknowledge a step forward by the new Government, who revealed that radioactive material had regularly been dumped in the sea between Scotland and Ireland.

Mr. Paul Keetch (Hereford): Does my hon. Friend agree that the Labour party was rightly critical of the previous Administration for hiding behind the old lies that information was not centrally held and could be found only at disproportionate cost? Is he aware that the new Government are trotting out the same excuses? In answer to me yesterday at column *408* of *Hansard* on specified bovine material, the same excuses were used. If we are to have true freedom of information, the Government must be prepared to find out the information and make it available.

Mr. Baker: My hon. Friend is right. Some of the answers that we have received so far have been in the same furrow as answers from the previous Government. I hope that that is a reflection of the fact that Ministers have yet to get hold of their brief. I shall cite further instances.

More controversially, we must try to be more open about matters that have been shrouded in secrecy. Until recently, Governments would not even admit that MI5 and MI6 existed, but Stella Rimington, the first publicly named head of MI5, showed that light can be shed even on that sensitive area without compromising national security. I hope that the Government will build on the example she set in that and similar areas.

I shall be interested to see, for example, the responses that I get next week from the Secretary of State for Defence to the questions that I have tabled about RAF Menwith Hill. We are entitled to know the basis of the arrangement between the Americans and ourselves for that base, and to an assurance that all is within the law and in the British national interest. Beyond that, there must be secrecy for operational matters, although I hope that even those will be the subject of public consideration in future.

I raise the matter in general because I believe that it is important, but there is another reason why today's debate is opportune. We must try to establish clearly what the Government's position is. At present it is not clear, and I shall explain why.

The Labour party has long been committed to a freedom of information Act, and produced a Green Paper on the subject as long ago as 1979. We have been told that such an Act is crucial, yet no such Bill appeared in the list of legislation for this Parliament. Why not? When I asked the Prime Minister, he told me in a written answer that he wanted to consult. Elsewhere I have heard it said that no Bill is ready. What nonsense that is.

A great deal of work has been done on potential legislation in recent years. There are Bills waiting to be plucked off the shelf, such as the Right to Know Bill introduced by a Labour Member in the previous Parliament. In January 1991, the then shadow Home Secretary, Roy Hattersley, said that freedom of information

"is not only suitable for early enactment. It is ready for early enactment. If a Labour Government was elected. . . I would be able to send the headings of a Bill to a parliamentary draughtsman on the following day.'"—[*Official Report*, 14 May 1997; Vol. 294, c. 106.]

In the interests of open government, I should reveal that my source for that quotation is the excellent speech made by the hon. Member for Cynon Valley (Ann Clwyd) on the first day of debate on the Queen's Speech. It was a privilege to follow such a contribution when I made my maiden speech to the House that day. I cannot understand why the hon. Lady is not in the Cabinet—or perhaps I can.

As there are no drafting problems, do the Government really need to consult further? Opinion polls clearly show a significant majority for a freedom of information measure, and the Government have a mandate for it. It is not necessary to delay any further for technical or democratic reasons, so why was such a Bill missing from the first Queen's Speech?

I believe that the Government are split between those who are clearly committed to such a measure and would happily introduce it tomorrow—I include the Chancellor of the Duchy of Lancaster, the right hon. Member for South Shields (Dr. Clark), in that list—and those who are more reluctant and who perhaps see benefits in, and less discomfort from, keeping things much as they have been. I suspect that that group includes some people who might be classed as the inner circle.

If I am wrong in my analysis, I hope that the Parliamentary Secretary, Office of Public Service, the hon. Member for Liverpool, Walton (Mr. Kilfoyle), will put me right. In that case, he must come up with a much more convincing explanation for the absence of a freedom of information Bill from the Government's first legislative programme. There has been no convincing explanation to date.

The Government must examine the practices that they have introduced and decide whether they are compatible with a culture of openness. How, for example, does the role of the Minister without Portfolio, the hon. Member for Hartlepool (Mr. Mandelson), sit with the professions of openness? He is clearly a powerful figure in the Labour party and in the Government. His fingerprints are everywhere, but in what way is he accountable? Through written questions, I was told in a written parliamentary answer from the Prime Minister.

Since then I have asked the Minister without Portfolio a number of written questions, from which I have learnt virtually nothing about what he does. He refuses to list meetings that he has attended. So far as I am aware, he has not spoken in the House since the election, despite his central position. I dropped him a note last week informing him that I intended to refer to him in this debate and that I should be happy to give way to him, should he turn up. He has not done so.

Is the Minister without Portfolio responsible for the millennium dome, or is the Secretary of State for National Heritage responsible? On 18 June I asked the Prime Minister for clarification of their respective roles, with a named date for response of 23 June. So far, I have received only a holding reply.

To give credit where it is due, the Minister without Portfolio provided me with a written answer earlier this week, stating that he would answer oral questions on the millennium exhibition—or experience, as I suppose we must now call it. I welcome that, but it deals only with the most visible issue.

What is the role of the Minister without Portfolio in determining the future of the royal yacht? He tells me in parliamentary answers that he has no responsibility, but an article in *The Guardian* dated 26 June states that the British Exporters Association has had "favourable noises" from him. What exactly is his role in that? My suspicion is that he is sorting out policies behind closed doors with the Prime Minister, and that Ministers have been put up in public to defend those decisions. I hope that the Minister can tell me that I am wrong. If I am not, the present arrangements are not in the spirit of a culture of open government and are not consistent with accountability to the House.

Then there are the responses that I have received to written parliamentary questions about public records. I asked each Department for information about documents that were passed to the Public Record Office. Some answers, such as that from the Foreign Secretary, were helpful. Others told me that the Public Records Act 1958 does not require information to be kept in the form requested and that to do so would "incur disproportionate cost". That famous phrase has been used over the years to avoid answering questions, and although it is sometimes justified, it is often abused.

That was a curious response to receive from the Department of Trade and Industry as my question was an exact replica—apart from the change of year—of that asked by my hon. Friend the Member for Southport (Mr. Fearn) on 2 July 1990. On that occasion, the question elicited a full response, and every category that my hon. Friend specified was given a percentage correct to one decimal place. I subsequently took up the matter with the Consumer Affairs Minister, who has been most helpful and who provided the information that I requested in a very full letter. However, that means that the official answer I was given—namely, that the information that I sought was not available and could be provided only at disproportionate cost—was clearly incorrect. In this case, the information provided originally by the present Government was of a lesser quality than that provided by the Conservative Government, which is no cause for self-congratulation on the Government Benches.

The Minister will undoubtedly tell me about the proposals that he intends to publish shortly. They will be welcome if the proposals to allow access to information are not couched in terms which enable the public sector—I hope that the Bill will apply to the whole of the public sector, including quangos—to cite exemptions. I hope, too, that the Government will not impose prohibitively expensive charges for gaining access to information. I ask the Minister to respond to those points.

I acknowledge the positive way in which the Chancellor of the Duchy of Lancaster has answered my questions, both on the Floor of the House and in written answers. I acknowledge, too, his positive response in the past few days to my question about his intentions to open up the existing code of practice on access to Government information. I remain hopeful.

The problem is that, although we have had many expressions of support from Ministers, we have seen no concrete action to date. I appreciate that these are early days, but a freedom of information Bill could have been introduced this Session. I ask the Minister to provide a convincing explanation as to why that is missing from the first year of Government legislation. The longer we go without a freedom of information Bill, the more attracted to secrecy Ministers will become. They will find it easier not to release information, and we shall be back in the trough created by the previous Government.

The Minister will know that I have introduced the Public Records (Amendment) Bill, which is due for Second Reading on 30 January 1998. It aims to reduce the 30-year rule to 20 years and to reduce the rule for royal documents from 100 to 20 years. That is a modest measure and in line with practice in other countries.

I offer today to work with the Minister and the Government to create sensible, workable legislation—taking account of costs and other potential problems that he and his colleagues may envisage—in an attempt to make progress in this area. I am willing to attend meetings and to co-operate completely with the Government if the Minister wishes to make progress with the legislation in the House.

Will the Minister take up my offer so that that legislation may proceed in advance of any White Paper recommendations? The current parliamentary timetable is very full, and the White Paper will not see any legislation—even putative legislation—before next April, May or June. Will the Minister accept my offer and introduce legislation so that the Government may restore their credentials in the area of freedom of information? That would go some way towards reversing the unfortunate impression created in some quarters that part of the Government is not enthusiastic about freedom of information.

I hope that the Minister will not instruct his colleagues to block the Bill, citing spurious reasons for so doing. The Minister can have no sensible reasons for blocking my Bill when I have offered to work with him and to incorporate Government proposals. Will the Minister work with me on that legislation, and will the real Labour party, metaphorically, stand up and be counted?

1.13 pm

The Parliamentary Secretary, Office of Public Service (Mr. Peter Kilfoyle): This debate has been short, but none the less interesting and informative. I must agree with the hon. Member for Lewes (Mr. Baker) about Matthew Parris's article in *The Times*. The hon. Gentleman probably took exception to the valediction that a bore is born; I think that he will agree that a bore is made and not born. I pay credit to the hon. Gentleman and to the hon. Member for Hereford (Mr. Keetch) for their contributions. The hon. Member for Lewes has taken the opportunity to reflect on the considerable importance of freedom of information, and I know that many hon. Members—including me—take a strong interest in that subject.

However, an issue of timing is involved. The hon. Gentleman has initiated this debate, and he has asked numerous questions about freedom of information and

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other subjects in the House. Together with my hon. Friend the Member for Cynon Valley (Ann Clwyd) and the hon. Member for Aldridge–Brownhills (Mr. Shepherd), he recently presented a Private Member's Bill on public records. The hon. Gentleman misses no opportunity to let the House know the depth of his undoubtedly genuine and deeply felt concerns about those issues.

I wonder, however, whether the hon. Gentleman has listened to a number of important points that my right hon. Friend the Chancellor of the Duchy of Lancaster has made very clearly both within and outside Parliament in the past few weeks. The hon. Gentleman paid credit to my right hon. Friend for assisting the hon. Gentleman's cause. My right hon. Friend has said clearly that the Government take freedom of information very seriously. As everyone knows, we are pledged, through our manifesto, to introducing a freedom of information Bill. The Gracious Speech made it clear that we would begin to implement that commitment through an early White Paper, setting out our proposals for FOI legislation.

My right hon. Friend has been at pains to stress time and again that consultation is the essence of our approach. First, we will issue the White Paper very shortly—it remains my right hon. Friend's intention to do this before the House rises in a few weeks' time. The White Paper will be wide ranging—it will certainly cover public records and other issues that have been mentioned today—and will initiate a period of consultation. A few months later—probably at the beginning of next year—we shall publish a draft Bill, which is part of a significant move towards more open government. That will then lead to a further period of consultation before any legislation is introduced.

The hon. Gentleman offered to consult with the Government in introducing the freedom of information measure. I assure the hon. Gentleman that he, other hon. Members and the wider public will have every opportunity to make their views known during the legislative process. Naturally, the freedom of information Bill, in its final draft form, will be debated extensively by the House—and no doubt in the other place. Perhaps the hon. Member for Lewes will serve on the Standing Committee that considers the Bill. I am sure that he will take part in the forthcoming debates, and my right hon. Friend and I will look forward to debating the important issues with him at that stage.

Under the exceptionally open and consultative approach that the Government will take to FOI proposals as they develop, the hon. Member will have ample opportunity—both in the light of the White Paper and on the basis of the drafted legislation—to make clear his points or areas of concern and to engage the Government in discussions about them. I hope, therefore, that the House and the hon. Member will understand my concern that we must be careful not to embark on the consultative process prematurely, and not to get immersed in debate too soon.

That is partly because we do not yet have the advantage of a published White Paper—let alone a published draft Bill—on which to structure our thoughts, and partly because the Government have embarked on a major exercise in working towards an important and very early statement on freedom of Information. It is essential that we do not delay that process by trying to thrash out all the details beforehand.

None the less, the hon. Member has chosen to raise some specific points in the House today, and I should like to respond to them.

Mr. Robert Maclennan (Caithness, Sutherland and Easter Ross): I am grateful to the Minister for giving way. I am interested in what he has to say. Before he moves on to particular points, will he clarify the status of the White Paper? He has made it sound as though it is not so much a statement of Government conclusions as a discussion paper on which the Government might be ready to make changes if persuaded that those changes were meritorious.

Mr. Kilfoyle: I am sure that my right hon. Friend fully intends the process to reflect the opinions expressed in the House and beyond on the substance of the White Paper. It would be entirely in keeping with the Government's intention to be open and consultative in their approach if that is the line that is taken.

The hon. Member for Lewes referred to previous files. Admittedly, those references were somewhat dated. I assure him that I shall do everything that I possibly can to investigate the specific files that he mentioned and will come back to him. We must be careful, however, not to overlap with the debate that will take place on the contents of the White Paper.

The hon. Gentleman said that he was not clear about the Government's position. I hope shortly to be able to make absolutely clear exactly what the process will be and where we stand in terms of openness and consultation. The hon. Gentleman also referred to the Right to Know Bill promoted by my hon. Friend the Member for Stoke–on–Trent, Central (Mr. Fisher). The hon. Gentleman said that there were no drafting problems. It is my recollection, however, that it contained about 83 clauses, which shows how complex the subject is. Indeed, so intent are we on getting this right that we are committed to the extra consultation to which I have referred.

Many references were made to the Minister without Portfolio, and I am sure that he will answer for himself. As for my hon. Friend's millennium dome responsibilities, the hon. Gentleman has already had an adequate answer. My hon. Friend will be answering oral as well as written questions. When the hon. Gentleman reads accounts of what my hon. Friend may or may not think about issues that are far beyond his portfolio, I remind him that he should not, as anybody who has become a Member of Parliament will know, believe everything that is written in newspapers.

The hon. Gentleman spoke at some length about public records. The Government agree with him that that is an important aspect of openness. My right hon. Friend the Chancellor of the Duchy of Lancaster has made it clear that our White Paper will cover that area. He has also informed the House that he hopes to see a considerable extension in the release of public records under the 30-year rule. That remains the case.

The hon. Gentleman proposed reductions in the 30-year rule. Like the rest of the House, he will have to wait until the White Paper is published before considering what we have to say on this specific issue. Believe me, I am as

keen as anyone to avoid unnecessary secrecy in our public records system. When I was a Back Bencher, I tried to elicit information in the same way as the hon. Gentleman, and I know how difficult it can be. We have to remember, however, that when holding an estimated 7 billion pieces of paper—not to mention other types of record—in files that would stretch approximately 900 miles, and with about a mile of documents being released by the Public Record Office each year, major and sudden changes affecting the whole system of record review and storage are bound to involve a significant cost in time and money.

It may interest the hon. Gentleman to know, however, given his evident view that the openness of the system is inadequate—there is much sympathy with that view on both sides of the House—that over the past five years, under the Conservative Government, more than 77,500 records held both within and beyond the 30-year period were released as a result of the review efforts of Departments and the Public Record Office. I can assure him that the Labour Government will ensure that the impetus towards openness is at least maintained if not increased, that public access to public records is improved, and that our White Paper will make proposals on that.

I hope that I have made it reasonably clear, not least to the hon. Member for Lewes, that the Government believe in openness and that in our first weeks in office we are working steadily to achieve that aim. Many of the hon. Gentleman's representations were a reflection on previous Governments more than on the present Government, but we are determined to get this absolutely right, in an open and transparent way.

The House should consider, for example, the recently announced decision of my right hon. Friend the Secretary of State for Health that all national health service trusts will be required to hold their meetings in public. That is the kind of development that we need after the legacy of the past 18 years: greater openness in our quangos and other public bodies. Freedom of information will meld very much with the intention of the Chancellor of the Duchy of Lancaster to produce, later this year, a White Paper on better government. It will be an important element of that.

Then there are the actions of my right hon. Friend the President of the Board of Trade, who has published for the first time an unprecedented and full explanation of why the Government disagreed with the advice of the Monopolies and Mergers Commission on the Bass, Carlsberg and Tetley merger. There is also the work of my right hon. Friends the Chancellor of the Duchy of Lancaster and the Minister of Agriculture, Fisheries and Food in preparing the ground for the setting up a food standards agency to provide substantially more open and transparent arrangements for maintaining public confidence in relation to what we eat. Those are matters of vital importance to consumers.

I have no doubt that the Chancellor of the Duchy of Lancaster's White Paper on better government will make further important proposals on opening up our public life to the examination and scrutiny that is so important to ensure proper accountability to the House and to the nation as a whole.

Finally, I refer again to our forthcoming White Paper on freedom of information, which will set out in detail how this Government, unlike any of our predecessors, are prepared to give a statutory right of access to every individual or organisation wishing to use it. That is evidence of our commitment to freedom of information and to open government, and I accordingly commend it to the House.

1.26 pm

Sitting suspended.

1.30 pm

Sitting resumed.

GCSE Results (Stoke-on-Trent)

1.30 pm

Ms Joan Walley (Stoke–on–Trent, North): It gives me great pleasure to raise on the Adjournment an issue of such importance for my constituency. I welcome most warmly the Under–Secretary of State for Education and Employment, my hon. Friend the Member for Newport, East (Mr. Howarth), to his new ministerial position. I am pleased that he is in his place for the debate.

Education is a burning issue in Stoke-on-Trent and in north Staffordshire. I, too, want to make education a crusade in the area that I represent. We must ensure during this debate that we put on the map the urgent education needs of Stoke-on-Trent and Staffordshire. Against that background, I make no apology for shouting loud and clear about what is needed.

During the tenure of the previous Government, we have seen the few, not the many, receive resources for education provision. The few, not the many, succeeded in securing fantastic educational achievement, while the rest of us were left to do the very best we could against all the odds.

We have heard much talk about failing schools, but it was the previous Government who failed us. More than anything else, I want now to press the case for fair education funding, and especially in Stoke-on-Trent and north Staffordshire.

Why do we want fair funding? We want it so that we might do the very best for our children. All parents want to do that, and that is the feeling of all parents in my constituency. I feel that also, speaking as a parent. That is why the debate on GCSE achievement is so important.

If we are to see any achievement, we need to have targets. We need to know where we are going and what resources are available. We need the good will of all those who are involved in making the necessary resources available. Above all else, we need the active co-operation of the Government. That is why it is so crucial that this debate is taking place.

We have, of course, the active support of two authorities, the new local education authority of Stoke-on-Trent, and the local education authority for Staffordshire as a whole. I can tell my hon. Friend the Minister, too, that all parents, governors and teachers, along with the organisation that will seek fairer funding for schools, want to be able to set targets, so that we can secure the achievements that are needed in the area.

Every school that serves its local community in meeting the needs of that community must have the resources properly to do its job. That is what I want to achieve from today's debate. I want an active partnership with the new Government. Ever since my right hon. Friend the Secretary of State for Education and Employment visited the area in 1996 and saw for himself what was needed, my colleagues and I in Stoke-on-Trent and north Staffordshire have sought to establish such a partnership. It is crucial that we build on my right hon. Friend's visit in 1996.

I urge my right hon. Friend and the Government as a whole to review the standard spending assessment. The SSA is one of the most dreadful pieces of formula that I have ever come across, because it has siphoned funds from certain areas to others and left the area that I represent with huge areas of education spending deficit—more of that in a moment.

I urge the Government also to concentrate the £83 million that has been announced for education in the Budget on the areas that need it most. There are huge discrepancies in education resources and it is crucial that we concentrate on the areas that have done worst, at least to bring them up towards the level from which other areas start.

As a result of the debate, I want to get bids in under the schools renewal challenge fund round, so that my area can benefit. At the same time, I have a great deal of difficulty with the bidding culture per se. It always means that some areas get left out. If, however, we could achieve a fair SSA and bring funds into my area that it has not received in past years, I would wish to use the next round of the SRCF to increase achievement in Stoke-on-Trent.

As I said during questions on the statement when the White Paper on raising education standards was published, I want an area action zone for Stoke-on-Trent. That could make an enormous difference. It could enable a huge number of schools to work together in partnership. In my constituency, it could build on the Two Towns project, which has already done so much to raise standards, and could include other local schools, such as primary schools and nurseries. We could all benefit from that experience.

Not least, I want a visit, if not by my hon. Friend the Minister before the end of the present term, at least by an official from the Department, so that he or she can see what is needed to get Stoke-on-Trent and north Staffordshire off to a good start. I want the visit to take place before the end of the term, because there is a real sense of urgency. Children have only one chance at school. If they do not get good GCSE results and do not do well in their standard assessment tasks; if they do not do well at primary school because their literacy levels are so far behind those of others; or if there is not proper early learning, from which all education begins, how can children in that position do well? That is why there is a real sense of urgency.

I hope that the Minister will give me an undertaking that he will do his level best to ensure that someone from the Department visits the local education authorities in my area to see what is needed. I would want that official to visit schools in my constituency with me. I challenge anyone to tell me that the schools are not doing the very best they can in the circumstances in which they are operating.

Let us consider examination results in Stoke-on-Trent and certainly in Staffordshire. Excellent results are achieved in part of my constituency. There are excellent results in another part but, of course, everything is relative. I am slightly hesitant about mentioning results and naming schools, because we should not judge everything by results alone. We must, however, consider where we start from, and the starting point is low levels of achievement.

In Stoke-on-Trent, North we have above-average results in Endon and St. Margaret ward. In LEA-maintained schools in the city, results vary between 21 and 29 per cent. for five GCSEs at grades A to C. That is quite good progress in the city, given the starting baseline. When a comparison is made, it is clear that there has been a tremendous improvement over the past two or three years. At the same time, however, we have an

average GCSE achievement rate of 29 per cent., compared with 44 per cent. for all pupils in Staffordshire. The national average is even higher than 44 per cent.

That is where I rest my case. We are not doing our best by the young people in my area if we cannot improve their GCSE attainments while at the same time improving all their education opportunities right the way through school. That must be the starting point. It is not what I would like it to be, for I would wish it to be much better. However, I recognise that in reaching the present level of achievement, our teachers, staff and governors have worked round the clock. They have done what virtually no one could have been expected to do in getting examination results as high as they are.

There was significant improvement in Stoke-on-Trent between 1994 and 1996. That shows that our teachers, schools and children are working extremely hard. The Two Towns project has made an enormous difference, and I want all schools in my constituency to learn from it.

Those schools are in a deprived area. That is shown by the percentage of free school meals that are taken. The National Consortium for Examination Results has shown the link between performance at GCSE and free meal entitlement of pupils, and in our area there is a large take-up of free school meals. Moreover, the city's cognitive ability scores for year seven show that children are at a disadvantage. Attendance at libraries is low, and the chronological reading age of children going to secondary school at year seven is lower than it should be—in one school that applies to 159 children out of 270.

The standard spending assessment for Staffordshire is unfair and must be reviewed, because schools have received much less money. Primary funding for pupils in Stoke-on-Trent is £68 per child per school, which is 3.6 per cent. below the national average, and funding for secondary schools is £78 per child per school less. Funding below the national average in one year is bad enough, but when it is below average year on year, as it was under the previous Government, there is a huge cumulative effect. As a result, our larger secondary schools could be as much as £0.25 million worse off in any one year, and that figure builds up over the years.

The cumulative effect of underfunding goes right the way through early learning, primary and secondary school funding. Many of our school buildings are in a dreadful state of repair. The chief education officer for Stoke-on-Trent wrote to me before the debate. He said:

"We are expecting our children to raise their eyes to the stars, when in terms of their educational environment many of them have to live in the gutter."

That is not an insult to our schools and our pupils. Because of the neglect and disrepair that we have inherited, we have our work cut out to look to the stars, set our sights high and aim for the best achievement by all our children.

Teachers are actually doing the building work at Jackfields nursery school, so that we can set our sights on achievement in early learning. When the school at Ball Green was closed down, Holden Lane school was promised a refurbishment programme to accommodate the influx of children. That school was top of the old county council's list of urgent repair works and refurbishment before Stoke-on-Trent became a unitary authority, and it is still top of the list. We are still no further forward in getting the money for that essential work to be carried out.

All our schools require money for refurbishment, early learning, lifelong learning and sports facilities, and they want to maximise the money available from the lottery and from capital challenge. They want to make a concerted effort to obtain funding. I urge the Minister to ensure that the £83 million goes where it is most needed.

Against the background of neglect and deprivation, Stoke-on-Trent schools have achieved miracles. I mentioned the Two Towns project. I should like to pay tribute to all the teachers at Haywood high school, James Brindley high school and Brownhills high school for their hard work. In 1991, about 4 per cent. of children in those schools achieved five grade A to C GCSEs: that figure is now more than 20 per cent. That shows what we can do when we have the resources. In 1991, 77 per cent. of children took GCSEs, and now the GCSE entry figure is 100 per cent. That does not come cheap: it costs money. The staying-on rate was 20 per cent., and now it is 50 per cent. We have doubled our achievement levels. We should shout loud and clear about those achievements.

Teachers have said to me that in the coming year as many as four staff members in a school will have to leave because of a lack of funding. They believe that the momentum of achievement cannot be sustained without extra resources. I welcome the White Paper, because it will help us to maintain the momentum. I challenge everyone to take up this important issue.

I am aware that my time is running out, and I want the Minister to be able to respond to all the points that I have made. But I just want to mention an important event that is taking place today in my constituency. The pupils at Sneyd Green primary school are having their annual prize-giving day. I was to hand out the prizes, but it was not possible for me to rush up to Stoke-on-Trent by train and share this wonderful day with them, and then rush back. However, perhaps my time is better spent convincing the Minister that the prize we want from the new Labour Government is to have their full, undivided attention for educational need in Stoke-on-Trent.

We should be proud of our achievements, and should give our teachers the support that they need to do their best for the children whom I represent. I am grateful for the opportunity to raise this burning issue. It will not go away, and neither will I. I look forward to working with the Minister to get something done about education in Stoke-on-Trent.

1.46 pm

The Parliamentary Under-Secretary of State for Education and Employment (Mr. Alan Howarth): I warmly congratulate my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) on securing the debate, and on making the case for her constituents with eloquence, passion and depth of knowledge, and with the commitment that her constituents appreciate and all hon. Members greatly respect.

Education is central to the Government's mission, and I am extremely happy to respond to my hon. Friend. The purposes that she expressed are our purposes, and we want them to be realised in her constituency and across the country. The timing of the debate is appropriate, given the publication on Monday of our White Paper "Excellence in Schools".

I assure my hon. Friend that I shall personally bring her concerns to the attention of the Secretary of State. As she mentioned, my right hon. Friend visited her area, and he

[Mr. Alan Howarth]

will want to be kept closely informed. He is anxious that his Department and his ministerial colleagues should respond to her as constructively and effectively as possible. Her concerns are on the map, to use her phrase.

On Monday, my hon. Friend asked my right hon. Friend a question after his statement, causing him, as he said, to twinkle. He will continue to beam his friendly concern in her direction. The opportunity that he had to engage in discussion with teachers in her constituency was part of the consultation process that we want to maintain. Without that consultation and without a dialogue with teachers, we shall not develop the required policies, but with their assistance, we shall.

As my hon. Friend knows better than any of us, Stoke-on-Trent has suffered from the decline in traditional manufacturing industries, upon which the area had relied economically for a long time. The schools sector has had to bear an appreciable brunt of the wider economic difficulties. Many schools in her constituency, particularly in the primary sector, date back to the 19th century, and are not as well equipped as schools elsewhere to deliver the curriculum.

As my hon. Friend told the House, GCSE results—although excellent in some local schools—are, across the local education authority area, significantly lower than the overall average in England. In 1996, in five of the seven secondary schools in my hon. Friend's constituency, fewer than 30 per cent. of pupils attained five or more grades A to C, against an England average of 44.5 per cent. Let me say immediately, however—in agreement with my hon. Friend—that those schools should not be labelled failures. Far from it: they have been inspected, and have been found not to be failing.

I am happy to join my hon. Friend in paying tribute to the schools in her constituency, and to teachers, other staff, governors and all who have contributed—through immensely hard work and dedication—to what has been achieved. Standards, including GCSE results, have been improved, and the achievement is underlined by the fact that it has taken place in such difficult circumstances. My hon. Friend mentioned the high proportion of children receiving free school meals, for instance. We recognise the difficulties faced by schools, and want schools in difficult areas to be able to do better. We want to give them the best support that we can provide.

We are fully sensitive to Stoke-on-Trent's problems, but it must be said that in far too many parts of the country standards in schools are not good enough. That is why our White Paper "Excellence in schools" sets out the Government's agenda for raising standards in schools across the nation. It sets out our intention to ensure that all schools improve, through partnership with all those committed to raising standards. Our overall approach to policy will be underpinned by six principles. Education will be at the heart of government. Policies will be designed to benefit the many, not just the few. My hon. Friend expressed passionate concern that that should be so, and we share that concern. The focus will be on standards, not structures. Intervention will be in inverse proportion to success. There will be zero tolerance of under-performance, and the Government will work in partnership with all those who are committed to raising standards.

What does that mean for my hon. Friend's constituency? The initiatives in the White Paper will lead to improved standards in our primary schools, providing a firm foundation for further learning. That is vital to achievement in secondary schools. We want all children to be able to read and write fluently, handle numbers competently and concentrate on their work by the time they leave primary school. There will be high-quality education for all four-year-olds whose parents want it, and targets for the provision of places for three-year-olds. We will create a network of early excellence centres to spread good practice. There will be effective assessment of all children starting primary school. We will ensure that there are class sizes of 30 or fewer for five, six and seven-year-olds by 2002. We have set national literacy and numeracy targets and strategies for primary schools, and there will be a sharper focus on literacy and numeracy in the primary curriculum.

At secondary level, we will ensure that we develop the diverse talents of all pupils. Schools need to provide the most effective forms of teaching and learning, using new technologies where appropriate, and being encouraged to develop specialisms. We believe that secondary schools should normally set pupils according to ability. We will provide best-practice resources for schools to help them to establish the most effective ways of teaching and learning.

We will develop a national grid for learning, which will provide up-to-date teaching and resource material. There will be better-developed information and communications technology within a clear national strategy, including better initial teacher training and the training of existing teachers. We will create up to 25 education action zones, to be phased in over two or three years throughout the country in areas with under-performing schools and the highest levels of disadvantage. The zones will enable us to target education support and development where it is most needed, with additional flexibilities so that action can be taken to raise standards.

My hon. Friend has made it plain, on Monday and again today, that she wants an education action zone in Stoke-on-Trent. I hear what she says, but, as I know she will understand, I cannot at this point announce or predict the locations of the zones. The White Paper kicks off a wide consultation, which will include consultation on the way in which education action zones should work and the way in which they should be chosen. We shall develop our ideas, and, during the consultation, we shall expect schools and local education authorities to present their own ideas and proposals.

What I can say now is that the improvement that we all want to see in Stoke-on-Trent's schools will come about only through the new partnership that we aim to forge. Schools themselves are the key to raising standards. They will set their own targets, but they need help—not unnecessary interference, but practical help—from their partners in central and local government. The White Paper sets out what we in central Government will do; it also identifies what we want LEAs to see as their role.

Every LEA will draw up an education development plan showing the targets that it has agreed with its schools, and explaining how it proposes to support them so that the targets are achieved. The plans will be approved by my right hon. Friend the Secretary of State, and each LEA will have one in place by April 1999. LEAs will have an important role in advising and, when

necessary, challenging schools when they are setting their targets. We have provided a clear job description for LEAs, but, in return, they will become fully accountable.

Although some of the schools in my hon. Friend's constituency remain in Staffordshire, most are with Stoke-on-Trent's LEA. I am well aware that that LEA has existed only since April this year. I noted my hon. Friend's praise for both LEAs, and I am happy to endorse what she said. I stress that I have no reason whatever to suspect that the new LEA is failing to do its best for the children of its area. I know that Stoke-on-Trent is desperately keen to use its new unitary status to meet its people's needs, and I assure my hon. Friend that the Government, through my Department, want to work closely with the authority. I shall ensure that at the earliest opportunity—in response to my hon. Friend's specific request—the territorial team from my Department revisits Stoke-on-Trent to discuss in detail the issues that my hon. Friend raised today.

Some of the most important issues involve resources. My hon. Friend particularly mentioned school buildings. We announced in the Budget that £1.3 billion would be available—£83 million in the current year, as my hon. Friend reminded us—for schools to start tackling the backlog of repairs. Guidance on how the money will be distributed will be issued to LEAs in the very near future.

My hon. Friend mentioned revenue funding. She powerfully expressed the view that Staffordshire, and now Stoke-on-Trent, deserved more than the standard spending assessment had provided in the past and provided now. She called the SSA a dreadful formula, and said, making her point strongly, that she considered it to bear unfairly on her local education authorities. I can say only that we appreciate the importance of the issue, the strength of my hon. Friend's feelings and her determination. As she knows, we are reviewing the current formula in consultation with local authority representatives, and we must hear what they have to say before we make final decisions about the 1998-99 SSAs in the autumn.

Ms Walley: There is particular concern about how new unitary authorities with no experience will deal with the revised SSA formula that we want. Will my hon. Friend pay particular attention to that?

Mr. Howarth: My hon. Friend is obviously right. It is, of course, necessary for us to do what she suggests. We must listen and we must be fair to all authorities, but my hon. Friend can be assured that the case that she has made, and the case that her local authorities make, will be considered carefully, constructively and sympathetically by those in the Government with responsibility for such matters. It is too soon to predict the effect that any changes would have on individual authorities, but the views of local government about possible changes to the formula are of key importance.

I hope that my hon. Friend feels that she made the right decision when she decided not to visit her school today, although she would have loved to be there and I know that the school would have loved to have her there. She has fought doughtily here for it and all schools. Like her, I want Stoke-on-Trent and Staffordshire children to be able to look to the stars.

It being Two o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Sitting suspended, pursuant to Standing Order No. 10 (Wednesday sittings), till half-past Two o'clock.

NEW WRIT

For the borough constituency of Uxbridge, in the room of Sir Julian Michael Shersby, deceased.—*[Mr. Arbuthnot.]*

Oral Answers to Questions

NORTHERN IRELAND

Sinn Fein-IRA (Relationship)

1. **Mr. Rowe:** To ask the Secretary of State for Northern Ireland if she will make a statement on the current relationship between Sinn Fein and the IRA. [5890]

The Minister of State, Northern Ireland Office (Mr. Paul Murphy): In my opinion, which is clearly the opinion of many others, they are inextricably linked.

Mr. Rowe: Given that, on almost every occasion that the IRA is shown to be pursuing its undemocratic objectives by violence, Mr. Gerry Adams not only refuses to have any words with it, but frequently gives the impression that he has no control over it, is there any benefit to the peace process in continuing to behave as if they were genuinely linked?

Mr. Murphy: The British Government have never been of the view that they are not linked, as I said earlier. It is important to continue to seek genuine peace and reconciliation in terms of the problems of Northern Ireland. This week, we all saw the great difficulties that occurred in the Province, and I believe that there is still a case for the aide-memoire and all that accompanied it to remain on the table. Sinn Fein knows exactly what to do if it wants to join the talks process. It must renounce violence and go back to the situation of an unequivocal restoration of the 1994 ceasefire.

Mr. Barnes: Is the link recognised by the Irish Government? Taoiseach Bruton said that there was such a link, and that it was a myth to believe otherwise. Does the Minister think that the new Irish Government will adopt that position in line with us?

Mr. Murphy: It is hardly for me to speak on behalf of the Government of the Republic of Ireland, but I have no doubt that the public statements by the Taoiseach—and, indeed, the previous Taoiseach—are very much in line with this Government's policies.

Mr. Maginnis: It is encouraging to hear the Minister express his awareness of the inextricable bond between Sinn Fein and the IRA, and his belief that they are the same organisation. Does he recognise that that organisation has a strategy, the core element of which is violence, and that it is unable to be persuaded, either through the good offices of the Secretary of State, the Prime Minister or anyone else, to make the transformation, to engage in the metamorphosis from violence to the democratic process? Will the Secretary of State ensure that the political process in Northern Ireland is given a chance, and is not hamstrung by constant consideration of the IRA's position within that process?

Mr. Murphy: My right hon. Friend the Prime Minister and my right hon. Friend the Secretary of State for Northern Ireland both accept that the only way forward is to pursue peaceful democratic means—that is, to renounce violence. Sinn Fein knows exactly what it has to do. If it renounces violence, it can join the train that the Prime Minister spoke about when he went to Belfast. That is absolutely the case. It seems to me that the transformation that the hon. Gentleman refers to must come within Sinn Fein's own hearts and minds. When it realises that the only way forward is through democracy and peace, it can join that train.

Rev. Ian Paisley: If the Minister is convinced that the IRA and Sinn Fein are united, is he convinced that the IRA and Sinn Fein have infiltrated and orchestrated the residents groups, as was made clear by the deputation that I took yesterday to the Minister with responsibility for security, the Minister of State, Northern Ireland Office, who is sitting beside him? If that is so, does he agree that the Government should in no way give the IRA and Sinn Fein accreditation by negotiating with them, when Mr. Adams has made it clear that he is not for accommodation on this issue, that he organised the issue, worked hard on it for years and is now going to exploit it?

Mr. Murphy: The hon. Gentleman is partly right, in that some of the awful events that we have witnessed in the past few days in Northern Ireland have been partly orchestrated. I do not think that that is the full story or that we should under-estimate the anger and frustration in the nationalist community. I think that everyone believes that the only way ahead lies in a proper accommodation between both sides of the community. That is why my right hon. Friend the Secretary of State has worked tirelessly for that accommodation in the past few weeks.

Mr. Robert McCartney: Is the Minister aware that the alleged peace process has brought about the most bitter and violent confrontation that I have experienced in 60 years, and that the twin objectives of the peace process—conflict resolution with the IRA and a stable, negotiated settlement—are impossible, because the inducements necessary for the first make the latter an impossibility?

Mr. Murphy: It is our view that the talks should be inclusive. If we cannot make them inclusive, of course we shall have to consider other methods, but I do not agree with the hon. and learned Gentleman that the events of the past few days result from the talks process. They result from the inability of both sides of the community to come to an accommodation on those important matters.

Mr. MacKay: Does the Minister agree that the orchestrated violence of the past few days has all the hallmarks of IRA-Sinn Fein? Is it not a premeditated attempt to deflect attention from the peace process and, more important, to hide the fact that they are not prepared to enter a ceasefire, which is what is wanted by the overwhelming number of people in Northern Ireland, including the great majority of nationalists?

Mr. Murphy: As I said earlier, there is evidence that there has been some orchestration, but I think that all hon. Members realise that, if Sinn Fein does not renounce violence and restore the 1994 ceasefire, in September we shall go ahead with the talks process. I believe that the country will be with us on that.

Unemployment

2. **Dr. Stoate:** To ask the Secretary of State for Northern Ireland what steps are being taken to combat long–term and youth unemployment in Northern Ireland. [5891]

The Parliamentary Under–Secretary of State for Northern Ireland (Mr. Tony Worthington): The Government are pursuing policies to promote economic growth and job creation and we shall also offer people constructive alternatives to benefit. In particular, welfare to work will be used to combat long-term and youth unemployment. Under the new deal, 18 to 24-year-olds will be offered training and employment opportunities with employers, the voluntary sector and an environmental task force. People who have been unemployed for more than two years will be offered employment opportunities.

Dr. Stoate: Can the Minister tell the House how he will ensure a fair balance of resources between the two communities?

Mr. Worthington: A total of 13,500 young people will be eligible for the welfare-to-work programme, and we shall be able to offer 3,900 places for the long-term unemployed. Obviously, we shall ensure that those opportunities are offered on a fair and equal basis to all sections of the community.

Mr. Peter Robinson: Does the Minister accept that an important role in combating youth unemployment lies with Northern Ireland's training centres? I welcome the Government's decision temporarily to reverse the previous Government's decision on Dundonald training centre, but will the Minister ensure that the time allowed to assess that training centre is used to attempt to build it up rather than to run it down?

Mr. Worthington: I am grateful for the hon. Gentleman's contribution to this matter and for his welcome for our decision to unite education and training, which we believe to be common sense. We shall pursue that. We need to bring together, in terms of their contribution to youth unemployment, the Training and Employment Agency and the Department of Education. As we try to build up the services for combating youth unemployment, there will be an important role for Northern Ireland politicians. We should welcome them putting their weight behind the welfare-to-work programme and the new deal.

Peace Process

3. **Ms Moran:** To ask the Secretary of State for Northern Ireland if she will make a statement on the Northern Ireland peace process. [5892]

6. **Barbara Follett:** To ask the Secretary of State for Northern Ireland if she will make a statement on the Northern Ireland peace process. [5895]

7. **Dr. George Turner:** To ask the Secretary of State for Northern Ireland if she will make a statement on the Northern Ireland peace process. [5896]

The Secretary of State for Northern Ireland (Marjorie Mowlam): The Government are doing all they can in the talks to promote agreement on the issue of decommissioning illegal weapons before the end of July so that substantive talks can begin in September. With the Irish Government, we have tabled proposals on decommissioning that reflect the report of the international body. I am pleased to tell the House that, at yesterday's talks, a timetable was agreed for moving to a determination on this issue.

It will be possible for Sinn Fein to join the talks only if there is an unequivocal restoration of the ceasefire, shown in word and deed. The present situation in Northern Ireland illustrates why it is so important to move towards a political settlement with some degree of urgency.

Ms Moran: I thank the Secretary of State for her reply. Will she join me in regretting the damage that has been done to the Northern Ireland peace process by the events of last weekend? Will she accept my support and, I am sure, the support of the majority in the House, for all her efforts in trying to seek amelioration and reconciliation on this issue? What action does my right hon. Friend intend to take now to prevent a repetition of the violence and disruption we saw at the weekend?

Marjorie Mowlam: I thank my hon. Friend for her support.

Neither side will get the decision it wants unless we can reach some sort of accommodation between them. Only by accommodation and negotiation can we move forward peacefully, whether it be over the parade last weekend or the parades in the weekends ahead. In the end, a decision will be taken by the Chief Constable on the grounds of public safety.

As to where we can go in future, as I have said many times in the House, over the past two years we have campaigned for a change in the law so that the criteria which form the basis of a decision on public safety can be broadened. We have said that we shall bring forward legislation in October to achieve that. It is only by accommodation that we shall be able to change the present situation.

Barbara Follett: Does my right hon. Friend agree that the lack of a political settlement was at the heart of the tragic events of last weekend? Will she tell the House what she is doing to facilitate a political settlement?

Marjorie Mowlam: I thank my hon. Friend for her question.

Like my hon. Friend, I condemn the violence outright. There are two ways to make progress. First, we need measures that begin to build accommodation and trust and ensure that both sides work together to deal with the conflicting rights that were illustrated at the weekend. The main way to achieve movement in the future is by multi-party talks and moves towards a political settlement. Without a political settlement, we shall not make progress towards peace for the whole of Northern Ireland, and the microcosms of that problem, as illustrated in Drumcree, will continue.

Dr. Turner: I am sure that the House will be delighted by the fact that my right hon. Friend is able to look

beyond the marching season. Before the details are leaked to all and sundry, will she explain to the House the basis on which she is looking for the removal of illegal weapons from Northern Ireland? Is any progress being made with the parties involved? Clearly the House must look to that as the next step.

Marjorie Mowlam: I thank my hon. Friend for giving me the opportunity to make a statement on that matter before any further leaking in my Department takes place.

Two weeks ago, this Government and the Irish Government delivered a joint statement to the talks process in Belfast. It outlined what we hope are constructive proposals, in which all the parties can engage, to deal with the issue of decommissioning. As I said earlier, during the talks yesterday, agreement was reached on a timetable to try to move the process forward by the end of July. That is what we want to happen.

The proposals contain details about verification committees and how decommissioning can be put in place alongside the Mitchell international report, which refers clearly to parallel decommissioning. We hope that the parties will engage constructively in that process, so that, in September, we can start the substantive political discussions.

Mr. Trimble: Has the Secretary of State seen the press reports yesterday and the day before about a meeting in Conway Mill, at which the leader of the Sinn Fein group on Belfast City council—supported by Mr. Gerry Kelly, one of Sinn Fein's so-called negotiators with the Northern Ireland Office—discussed how there could be a more militant campaign against the Government?

Is the right hon. Lady aware of the threats made by the Irish National Liberation Army—a terrorist group that operates under the licence of the IRA—to shoot any of the marchers whom they do not like the look of this weekend? In the current situation, is it not necessary for the priority to be peace and, consequently, for the right hon. Lady to take measures over the next few days that will ensure peace in Belfast, rather than becoming fixated on a process which, with regard to Sinn Fein, is clearly bankrupt?

Marjorie Mowlam: I thank the hon. Gentleman for his question.

As the Chief Constable said at the weekend, the major problem we faced then and will face in the days to come is that of extremist elements on both sides, which ensure that the genuine protests, anger and frustration of one community are so gee-ed up that they then become a difficult situation to cope with. I assure the hon. Gentleman that the Royal Ulster Constabulary and the other security forces in Northern Ireland are doing all they can to deal with that.

I say to the hon. Gentleman, as I say to all other constitutional politicians, that, unless we work together to get a negotiated settlement and to build trust and confidence between the two communities, whatever we say in the House will not bring peace to the streets of Northern Ireland.

Mr. Hogg: Does the Secretary of State agree that, although it is true that those who organise and participate in the marches have a right to pursue their traditional routes, it is in the wider interests of all that they should not march in areas where their presence is likely to trigger violence and disruption? Does the right hon. Lady further agree that, in encouraging people to practise self-denial of that sort, it is important that all of us say that, in the matters of the status of Northern Ireland and its constitution, the views of the majority—who happen to be Unionists—are paramount, overriding and absolute?

Marjorie Mowlam: On the right hon. and learned Gentleman's point about the overwhelming rights of the majority, both he and I understand that sometimes rights are conflicting. There is the right to march, which I defend, but there is the right to live free from fear and intimidation in one's own community, which I also defend. We are trying to deal with those conflicting rights in Northern Ireland.

Unless we can build some trust and confidence between the two sides—which is what the Churches, voluntary groups, business groups and many politicians have been trying to do—we can never deal with those conflicting rights. We have to face up to the needs and demands of both communities.

The decision at the weekend was taken after we failed to find accommodation. I readily admit that I—with many other people who tried—failed to find accommodation. It was then up to the Chief Constable to make a decision in line with public safety. That is what he did, and that is what he will do again at the weekend. We shall be faced with stand-offs until common sense and rationality prevail, and a degree of trust is built in the two communities.

Mr. Öpik: Given the volatile situation that often develops in the marching season, does the Minister have any plans to revisit the North report to determine whether it contains any further recommendations that might be implemented to reduce that volatility?

Marjorie Mowlam: I thank the hon. Gentleman for his question. The short answer is yes. We supported the North report and the need for subsequent legislation, although the previous Government did not have sufficient time to pass such legislation. We supported the requirement to announce parades 21 days in advance, and such announcements have helped. We also supported an alcohol ban.

In the autumn, we hope to revisit the report and, with the support of many hon. Members, to pass legislation providing broader and clearer criteria, so that people can make a more rational and whole decision. That is what such a revisitation will be about. It will help, but it will not be enough, because the people themselves will have to decide that they want the situation to change. We can accommodate, negotiate and change legislation, but we cannot force the people to live together unless they themselves decide to do so.

Mr. McGrady: Is the Secretary of State aware that the unnecessary decision—whoever made it—to support an Orange march through the nationalist Garvaghy area and the considerable police brutality used in the early morning to remove the residents, was a death blow to the peace process and to peace generally? What efforts will she make to repair the damage done to the nationalist community's confidence in the impartiality of her administration?

In her decision-making process—regardless of who makes a decision—will the right hon. Lady ensure that decisions are not based, as they were last weekend, on the rights of evil people and on who can do the most evil? The Chief Constable said that he allowed the march to proceed to prevent a greater evil. Can we have some principle and some justice in the decision-making process?

Marjorie Mowlam: I thank the hon. Gentleman for his question.

I readily acknowledge the nationalist community's fear, frustration and anger, which the hon. Gentleman and other people have outlined to me, and which I have seen for myself. I do not accept the premise behind his question that might is right. Right is right, and we shall stick with that principle throughout.

As I said to the hon. Member for Montgomeryshire (Mr. Öpik), we shall make decisions on legislation on the North report. Such legislation will be based on fairness and justice, which are the principles that have guided us throughout in our policy on Northern Ireland. I tell him, yes, we must all work to rebuild trust and confidence in Northern Ireland, and we shall do so in line with the principles that have always guided us—the principles of fairness and justice.

Mr. MacKay: Is the Secretary of State aware that Conservative Members, from our experience over 18 years, realise that the decision that she and the Chief Constable had to make on Drumcree was an extremely difficult one, and that we believe that she made the right decision? Is she also aware that she will have the full support of Opposition Members in resuming—with or without Sinn Fein-IRA—political talks in September?

Marjorie Mowlam: I welcome the hon. Gentleman's comments, and thank him for his support.

We must reach a position in which there are no right or wrong decisions. If we do not do so, there will continue to be anger on both sides. We have to move towards a situation in which both sides are winners or both sides are losers. Such a possibility was not open to us at the weekend. A resolution will depend on the constitutional parties doing all they can to help in reaching by July some agreement on the decommissioning issue. We must all then, in September, get on with the substantive talks. That is what will make the difference in Northern Ireland.

Mr. Benn: Is the Secretary of State aware that one abiding impression of the events at Drumcree last year and this year is that, when loyalist triumphalism requires it, British troops are always available to back it up, and that that indeed is the basis of loyalist loyalism, which is why they do not wish to sit down at any talks that might lead to a change in the status quo? While that remains so, is it not the case that the British presence in Northern Ireland is a part of the problem, and not necessarily a contribution to an answer?

Marjorie Mowlam: I thank the right hon. Gentleman for his question—[*Laughter.*] It is the nature of democracy that one takes questions from across the board—that is what the House is for.

Elements on both extremes do not want to sit down to talk. I agree with the right hon. Gentleman about that, but it is up to us in the constitutional parties to be sure that, in September, we have, sitting around the table and working towards a political settlement, representatives of the vast majority of the parties in Northern Ireland. That is what will make the difference.

Educational Standards

4. **Mr. Ian Bruce:** To ask the Secretary of State for Northern Ireland if she will make a statement on trends in educational standards in Northern Ireland in the past 10 years. [5893]

Mr. Worthington: The percentage of pupils gaining 5 GCSEs at grades A to C in the past 10 years increased from 35 to 52 per cent. The percentage achieving two A-levels at grades A to E increased from 19.7 to 30.8 per cent. However, that will not be enough, and further improvements will be necessary to meet national targets.

Mr. Bruce: I thank the hon. Gentleman for that answer. Is it not indicative of the fact that young people in Northern Ireland have demonstrated to their elders that they can get on and live together and improve what they are doing? Is it not about time that some hon. Members, inside and outside this place, took note of the excellence of what they have done?

Mr. Worthington: I am not sure that I see the link between gaining A-levels and living peacefully together, but I certainly echo the sentiments that the hon. Gentleman expressed.

Mr. Godman: I remind my hon. Friend that, in the last Parliament, the Select Committee on Northern Ireland, in its report on under-achievement in the education system in Northern Ireland, voiced its serious concern about the prevalence of under-achievement in schools in areas badly marked by social disadvantage. What is he going to do in response to that fine report?

Mr. Worthington: I agree that it was a fine report, and I congratulate my hon. Friend on his contribution to it. We are responding; a Command Paper will be published that will show my hon. Friend just how seriously we have taken the report.

The fact is that, although the achievements at the top of the Northern Ireland education system are fine, there is still a considerable tail to be dealt with. We are looking at all aspects of the report, including the raising school standards initiative and the targeting of social need, to see what improvements we can make.

Mr. Brooke: Against the background of one third selection at secondary level in Northern Ireland, does the Minister agree that the improvement at the bottom of the spectrum has been faster in Northern Ireland in the past decade than in Great Britain? Does he see any moral for, or any read-across into, the affairs of Great Britain?

Mr. Worthington: It is important, and a major challenge for the Government, to secure the full

incorporation of vocational and academic qualifications to provide the right kind of curriculum and opportunities for everyone.

Sean Quinn Glass Factory

5. **Mr. Illsley:** To ask the Secretary of State for Northern Ireland what decision she has made regarding Government support for the proposed Sean Quinn glass factory. [5894]

The Minister of State, Northern Ireland Office (Mr. Adam Ingram): Under the previous Administration, the decision was taken to offer Government support for the proposed Sean Quinn glass factory. As my hon. Friend will know, this is a mobile project to manufacture glass containers in Northern Ireland. The project aims to create 330 new jobs in a socially disadvantaged area of County Fermanagh.

Mr. Illsley: I am grateful to my hon. Friend, but I must inform him that that decision will be greeted with great dismay in my constituency, where the glass industry is a major employer. There is now over-capacity in the glass container industry, and the level of grant that has been given to the Sean Quinn project will allow that factory to undercut the present cost level in Great Britain. Will my hon. Friend look again at the project, which is bound to displace jobs throughout Great Britain?

Mr. Ingram: My hon. Friend made a significant contribution as shadow Minister for economic affairs in Northern Ireland, and I thank him for that—he certainly made part of my job easier. On the specific points he raises, all those matters were taken into consideration by the previous Administration, and I have subsequently reviewed them. The best advice is that the matter is of a contractual nature, as a consequence of which it would be difficult to revisit the project as he requests.

PRIME MINISTER

Ministerial Visit

Q1. **Mr. Andrew George:** To ask the Prime Minister what plans he has to visit communities on mainland Cornwall or the Isles of Scilly in the St. Ives constituency. [5920]

The Prime Minister (Mr. Tony Blair): I have no immediate plans to visit the hon. Gentleman's very beautiful constituency, but I hope to do so soon.

Mr. George: I thank the Prime Minister for his reply, and assure him of a warm welcome should he ever visit the good people of my constituency. If he does visit, may I recommend that he does not fall ill? In view of the cold comfort afforded on closer inspection of last week's Budget, will he intervene to protect the essential acute and cottage hospital services in Cornwall and ensure that we do not see cuts this winter, which we did not have even in the past 18 years of Conservative rule?

The Prime Minister: What I can say to the hon. Gentleman is that the Labour Government have put the huge cash injection of £1.2 billion into the national health service. That is about £500 million more than the Liberal Democrats were asking us for before the Budget.

Engagements

Q2. **Mr. Stevenson:** To ask the Prime Minister if he will list his official engagements for Wednesday 9 July. [5921]

The Prime Minister: This morning, I signed the NATO-Ukraine charter; later today I will have meetings with Cabinet colleagues and with others.

Mr. Stevenson: Is my right hon. Friend aware that the additional £2.3 billion made available for education in the Budget statement is extremely welcome? Is he further aware that the fact that £1.3 billion of those additional resources is coming from the windfall tax and is earmarked to begin to address the Tory legacy of crumbling schools is even more welcome? The task now is to ensure that those resources are made available to schools. Will he ensure that that takes place as quickly as possible?

The Prime Minister: I certainly shall. It is the largest cash injection into schools that has been made by any Government ever, and it has been made in part—*[Interruption.]*—and it is a good deal better than anything afforded by the last Conservative Government. It has been made and it will be carried through—

Mr. Hague *rose—*

The Prime Minister: Just a moment.

It will be carried through and dedicated to improving standards in schools.

Mr. Hague: Is the Prime Minister aware of the serious impact of the Budget on local government pension funds? What estimate has he made of that impact, and what plans does he have to compensate them for it?

The Prime Minister: The Budget measures on pensions were entirely right and necessary. They were right, first, because they remove an unjustified bias in the tax system, and secondly because they deal with the problems of public finances that were left by the previous Administration. As for the justifiability of that, I shall quote from an article in the *Financial Times* a few days ago:

"abolition of the tax credit is a reform whose time has come."

It was an article by the previous Chancellor's tax adviser.

Mr. Hague: Perhaps we can now have an answer to the question. Has the Prime Minister read the view of the Local Government Association—which is, after all, Labour-controlled—that such a measure would result in a loss of income to pension funds of some £300 million per annum in local government? Has he read the view of the hon. Member for Putney (Mr. Colman), a member of his party, that no such increase could be afforded by local authorities without making further cuts to services to their local residents? Which cuts does he have in mind—or is

he prepared to compensate local authorities for the hundreds of millions of pounds that they will have to pay for this ill-thought-out tax increase?

The Prime Minister: I like the cheek of a Conservative party person telling us that we should pay more money to local government. As a matter of fact—[HON. MEMBERS: "Answer."] As the right hon. Gentleman—

Mr. Luff: Answer.

The Prime Minister: As the right hon. Gentleman must be aware, the revaluation for local authorities does not take place for another two years. The stock market has actually risen 11 per cent. since the general election. If he knew what he was talking about, he would realise that the increase in capital value is the best news there could be for pension funds.

Mr. Hague: The Prime Minister cannot patronise his way out of it. What he said was meaningless waffle. Anyone who knows anything about pension funds knows that a prudently run pension fund does not simply assume that increases in investment value in years to come will rescue it from its cash flow problems today. Is he aware that Staffordshire county council has said today that it will have to move £1.5 million from local services into its pension fund in the coming year? Is he prepared to see that happen, or will he compensate?

The Prime Minister: The right hon. Gentleman asked me about prudence. Let me tell him what prudence means. [HON. MEMBERS: "No!"] All this from the party that presided over the biggest pensions misselling scandal in this country. I will tell him what prudence means; it means two things. It means, first, that we deal—

Mr. Luff: Local government.

The Prime Minister: It means, first, that we deal with the appalling situation in our public finances inherited from the previous Government, which means that, because of the doubling of debt under the Government in which the right hon. Gentleman was a Minister, this year we shall pay out in interest payments almost as much as we spend on the health service.

Mr. Luff: Local government.

The Prime Minister: Prudence also means that we tackle—*[Interruption.]*

Madam Speaker: Order. Mr. Luff, keep calm.

The Prime Minister: Prudence also means that we must take the measures to combat inflation necessary for the long-term health of this country. No doubt the difference between us and the right hon. Member for Richmond, Yorks (Mr. Hague) is that we shall take those long-term measures; he will not.

Mr. Hague: That was just more waffle. The Prime Minister obviously does not know how local authorities will deal with this situation. Given that he said before the election that there were

"no plans to increase tax at all",

and that he has now introduced 17 tax rises in a single Budget, and given that he said that he would do his "best by British pensioners" and is now making pension funds bear the brunt of those tax increases, does he now regret saying in the election campaign:

"people want honest politics, and they are going to get it"?

The Prime Minister: They did, because we promised the windfall tax, and delivered it; we promised more money for health and schools, and delivered it. Let me tell the right hon. Gentleman that, after the record of the Government that he supported, no one will take any lessons on broken promises from him.

Mr. Hume: Does the Prime Minister agree that the terrible events of recent days in Northern Ireland are basically and fundamentally symptoms of the underlying and deeper disease—our failure as a people to agree on how to live together—and that the symptoms have been truly terrible? Will he therefore agree and make clear that it is a priority of this Government to do everything in their power to promote agreement, and therefore to promote stability, and lasting stability? Does he agree that the process leading to that could best take place in an atmosphere in which there was a total moratorium on all street activity and all marches?

The Prime Minister: Let me say this to my hon. Friend: the situation in Northern Ireland over the past few days has been appalling and tragic for all the people in Northern Ireland. My right hon. Friend the Secretary of State for Northern Ireland, to whom I pay tribute for her courage and determination, has been trying—as have we all—to do the best in good faith in a situation in which all the available options are difficult.

I would ask my hon. Friend and the other people involved in Northern Irish politics, recognising all the pressures that are on them, just as there are on us, to try as best they can to keep the wider process for a lasting political settlement going. It is a terrible situation, but I am not going to give up on Northern Ireland. I am going to carry on searching for a solution. I believe that, if there were good will on all sides, and a little give and take, understanding and reason, a solution could be found.

Q3. **Mr. Baldry:** Does the Prime Minister appreciate that the hundreds of thousands of people gathering in Hyde park tomorrow will do so because they feel misunderstood and threatened by what they perceive as an urban-based Labour party seeking to impose urban values on the countryside? Although it is always possible for any Government with a large majority eventually to drive through any legislation, there can be little merit in legislation which alienates so many people who live in the countryside. [5922]

The Prime Minister: The Labour party represents many rural constituencies—not least my own—as well as urban ones. The matter will be presented in the form of a private Member's Bill; there will be a free vote on it in the House of Commons, with Members on both sides free to make up their minds. Of course we value what happens

in the countryside. Some of the allegations that have been made—that we intend to ban shooting, fishing and all the rest—are nonsense. The debate should at least be conducted with reason on both sides.

Q4. **Mr. Cranston:** Is my right hon. Friend aware of the warm welcome in the country, particularly in my constituency, for the extra £1 billion to be spent on the national health service? Will he give the House a commitment that the Government will continue to implement their manifesto promise to improve the NHS after the depredations of the Conservative party? [5923]

The Prime Minister: I certainly shall. *[Interruption.]* Conservative Members may shout about it, but for those who work in the health service, £1 billion more is well overdue.

Mr. Ashdown: Yes, but of course not this year. Will the Prime Minister confirm, in terms of the control totals, that last week's Budget means £5 billion less next year for public services?

The Prime Minister: No. That is not correct. The right hon. Gentleman keeps getting confused about the prediction on forward inflation, which we have revised as a result of the problems that we inherited—[HON. MEMBERS: "Ah!"]—and thank goodness we now have a Government dedicated to tackling those problems instead of avoiding them. The cash going in for schools and hospitals is precisely the money that we promised, and more than the right hon. Gentleman asked for.

Mr. Ashdown: I think it odd that the Prime Minister finds it difficult to agree with what his Red Book plainly says on page 102: the money will be diminished. The Institute for Fiscal Studies, like the Library of the House of Commons, calculates the reduction at £5 billion next year. Of course the Prime Minister is right to say that any extra money for education and health next year will be welcome, but it will be significantly reduced, beyond what the Chancellor said, by the effect of inflation. There is still £5 billion to come from elsewhere in the public services. Is that supportable, and where will it come from?

The Prime Minister: All that happened in the Budget is that the inflation prediction was revised upwards as a result of objective circumstances. The cash limits will remain. The additional money is going into health and education.

Opposition Members opposed the windfall tax on the privatised utilities, so there would have been no money for a school repairs programme if we had adopted the policies of the Opposition parties. The only way we shall sort out the problems in our public finances is to put the Budget deficit on a proper and secure footing. As a result of the changes that the Budget has made, within a few years we shall be cutting public debt, borrowing will be under control and we will be able to move into surplus. That is prudent finance.

Q5. **Mr. Timms:** The Prime Minister will be aware that, of the 6 million or so personal pensions sold since 1988, at least 500,000 were missold, in that people who bought them would have been better off had they kept what they began with. The determination that the Government have shown in sorting out that mess is welcome, and I welcome what my hon. Friend the Economic Secretary said about that this morning.

However, what steps do the Government propose to renew the probity of the financial services industry so that scandals of that kind do not continue to erupt, as they were allowed to do under the previous Government? [5924]

The Prime Minister: My hon. Friend is absolutely right. Indeed, the Economic Secretary announced today that she has received back representations from 24 of the companies most involved in the scandal of pensions misselling. The result so far of what they are doing is disappointing, so we intend to put further pressure on them to deal with the problem. That is the real difficulty that many people face at the present time, and we are determined to deal with it.

As my hon. Friend rightly points out, it is not merely that nothing was done about this under the previous Government; but their proposal to take tax relief on pension contributions away from people coming into the schemes would have hit everyone investing in pension funds a great deal harder.

Mr. Nicholas Winterton: The Prime Minister and his party are currently all-powerful. The House and the country accept that. He will be aware of the industrial problems in British Airways. Given that the general secretary of the Transport and General Workers Union is a strong supporter of the Prime Minister and his party, and that Mr. Bob Ayling, the chief executive of British Airways, is a personal friend and supporter of the Prime Minister, will the Prime Minister now use his authority to bring that problem to an end and prevent the inconvenience that will be suffered by many people and their families over the weeks ahead?

The Prime Minister: I sympathise greatly with the distress caused to the travelling public as a result of the dispute. I hope that it is resolved as quickly as possible, but it must be resolved by management and trade unions. I seem to remember a great number of lectures from the Conservative party once upon a time about leaving those matters to be determined by management and unions.

Q6. **Mr. Khabra:** Will my right hon. Friend send a message of congratulations and best wishes to the people and state of India on the 50th anniversary of their independence? Will he confirm that the Government are committed to strengthening our relationship with the largest secular democracy in the world? Does he recognise that the Asians and the blacks are making a useful contribution to the development of a multicultural and multi-religious society in this country? [5925]

The Prime Minister: I entirely agree with my hon. Friend's remarks about the contribution made by the Asian and black communities to the society in which we live. We shall celebrate the 50th anniversary of India's independence both in India and Pakistan and back here in this country. I understand that you, Madam Speaker, will attend special celebrations in India. The granting of

independence to India and the strong ties that grew up then between that Labour Government and India will be strengthened under this Labour Government.

Q7. **Sir Michael Spicer:** If the people of Denmark vote no in the referendum that their Government have allowed them on the treaty of Amsterdam, will that render the entire treaty null and void? [5926]

The Prime Minister: No. That is a matter for Denmark to decide. The idea that this country should have a referendum on the Amsterdam treaty is one of the most absurd propositions that has been advanced in recent times. What happens in Denmark is a matter for Denmark, and does not affect us.

Q8. **Mr. Rammell:** Comprehensive schools in my constituency of Harlow have been successfully streaming pupils by ability for decades, to the significant advantage of the pupils in those schools. In the light of that experience and the Government's White Paper on education, does my right hon. Friend agree that there is all the difference in the world between that kind of successful streaming by ability in the same school and selection at the age of 11, which condemns four out of five children to permanent failure? [5927]

The Prime Minister: I agree with my hon. Friend. The proposals made in the White Paper are right. We need to modernise the comprehensive principle to take account of pupils' different abilities, but within the comprehensive system. That is why we support initiatives such as those being taken in schools in my hon. Friend's constituency. We do not believe that the right way to go is to return the entire system to the old 11-plus. It is right that we modernise the comprehensive system. That and other proposals in the White Paper will make a great deal of difference to the education system.

Q9. **Mr. Sanders:** What support will the Government give to the proposed international English riviera film festival in April 1998? [5928]

The Prime Minister: I thank the hon. Gentleman for giving me advance notice of that question; otherwise, it would have been rather difficult for me to answer it.

I wish the festival well. I cannot promise Government money, but the hon. Gentleman will know of the tremendous help that my right hon. Friend the Chancellor of the Exchequer has given to the film industry in the Budget. The hon. Gentleman will also know that a working party has been established by my right hon. Friend the Secretary of State for National Heritage to examine ways to develop more British films and to contribute to what is already a British success story but could be an even greater one. I wish the hon. Gentleman's festival well.

Mr. Canavan: If the Drumcree fiasco was the least worst option, what on earth was the most worst option? In future, will the Government go for the best possible option, by treating both communities in Northern Ireland in an even-handed way?

The Prime Minister: We treat, and have treated, both communities in an even-handed way. It was an extremely difficult decision. The advice that was given by the head of the Army in Northern Ireland, Sir Rupert Smith, and by the head of the Royal Ulster Constabulary, was to the effect that the march should go ahead. If my right hon. Friend the Secretary of State for Northern Ireland had disagreed with that advice and overturned it, she would have been subject to even more criticism. Those are difficult—actually, impossible—decisions to make in a way that satisfies everybody.

People must keep their minds focused on what is important—the wider process leading to a lasting political settlement. It is appalling that intransigence on both sides obscures the fact that the vast majority of people in Northern Ireland want and deserve the chance of a lasting peace there. It could be done if people would understand that, if it is to be achieved, it requires their commitment all the way through.

Q10. **Mr. Burstow:** Does the Prime Minister realise that the extra £1.25 billion for education and schools next year will be almost entirely wiped out by the extra £1.2 billion real cut in local authority spending next year as a consequence of the increase in inflation in the Budget? Does he therefore accept that, next year, when it comes to giving more to education, local authorities will be confronted with the choice between making real cuts in social services, policing and other vital services? [5929]

The Prime Minister: To repeat the point I made earlier, the hon. Gentleman is not right to say that the change made in the Budget predictions has altered the facts of the situation. The money going into schools and hospitals is real money. The £1.3 billion dedicated to the schools repair programme is in addition to anything that the hon. Gentleman's party has proposed. If the Liberal Democrats called for a vote against the Budget, that would leave the situation as it is, and no extra money would go in.

Mr. Sheerman: Is my right hon. Friend aware that the British manufacturing sector believes that the recent Budget is the best in living memory for that sector? [HON. MEMBERS: "Oh."] Wait for it. But is he also aware of some of the disturbing trends this week, such as the downturn in engineering and other manufacturing industries that depend on exports? Will he keep a careful eye on the strength of the pound and its impact on employment and jobs?

The Prime Minister: My hon. Friend is absolutely right on both counts. The cuts in corporation tax and in tax treatment for small businesses—which is the best package for companies, particularly the small business sector—have been widely welcomed.

People will face difficulties as a result of the rising pound, but it is important to recognise that we will put economic management on a stable footing only if we take the decisions in relation to monetary policy and fiscal policy that allow for balanced growth. As a result of the situation that we inherited from the Conservatives, we must deal with problems on both those counts.

It is no use Conservative Members' shaking their heads: if we do not deal with those problems, we will be left with a structural deficit in our public finances and

no proper control over monetary policy, which is bad for business. That is the difference between government and opposition.

Q11. **Mr. Llwyd:** Will the Prime Minister tell the House which way he will vote on the hunting Bill, and why? [5930]

The Prime Minister: I have voted before in favour of a ban on fox hunting, and I shall continue to do so. I believe that a ban may be imposed without the massive destruction to the countryside that some people fear. We are all entitled to make up our minds according to the evidence. That is what I intend to do, and I suggest that other hon. Members do likewise.

Q12. **Mr. Pickthall:** Does my right hon. Friend agree that the proposals that will be advanced by the European Commission next week represent a major shift towards the Labour Government's policy of massively changing the common agricultural policy? Does that not provide an opportunity to start shifting resources from subsidising production to environmental work in the countryside, and to move from intensive farming to extensification? [5931]

The Prime Minister: We welcome those proposals, if they have been described correctly. A change in the common agricultural policy is most important both for the future of Europe and for British contributions in Europe. If that is happening, it is a big change of heart on the part of the European Commission and other European partners, and it is very welcome.

Mr. Townend: As the Government need to speak with one voice, will the Prime Minister tell the House whether the Government have changed their position on the single currency? Has Lord Simon, who was fanatically against the single currency before he became a Minister—I am sorry: who was fanatically in favour of the single currency—changed his view since he became a Minister?

The Prime Minister: The hon. Gentleman seemed to have difficulty summarising my noble Friend's views. The Government will keep the option open and judge the situation according to Britain's national interests. That is the right way to do it.

Q13. **Mr. Purchase:** Does my right hon. Friend agree that the antics last week of the hereditary peers down the Corridor in trying to sabotage Labour's election pledge to hold referendums in Scotland and Wales—

Mr. Nigel Evans: Not on different days.

Mr. Purchase: The poor chap is demented: what can one do?

Does my right hon. Friend agree that those antics make the ending of the House of Lords in its present form more certain than ever—which, for many, cannot happen too soon? [5932]

The Prime Minister: My hon. Friend is absolutely right: the measure was passed in another place only as a result of the votes of hereditary peers. It is also true that more hereditary peers—twice or three times as many—take the Conservative Whip in the House of Lords than there are Labour peers. If we are looking for constitutional wrongs, what could be more wrong than the Conservative party depending on hereditary peers to pass the measures that it cannot get through this place because it lost the election?

Q14. **Mr. Blunt:** Following the Budget's cynical smash-and-grab raid on private pensions, what provision have the Government made for people who will now wish to opt back into the state earnings-related pension scheme? [5933]

The Prime Minister: As I have already said, it is absolute nonsense to suggest that the measure will deprive people of their proper pensions—it will not. Which party first cut tax credits? The Conservatives. Our proposal is a great deal better than that advanced by the Conservatives before the election: to remove tax relief on people's pension contributions. That really would have hurt people's pensions.

Mr. Mallon: Does the Prime Minister agree that the most fundamental implication of what the Chief Constable did and said, and of the Government's decision, at the weekend is that it signals in a most dangerous way that, in circumstances such as those at Drumcree, decisions are made not on the basis of natural justice, equity or any semblance of principle but on the threat of greater force—paramilitary force—and the threat of greater disruption? Is it not the role of Government to address and, if necessary, confront that threat of force and to prevent that disruption, rather than to trample on the legitimate rights of those against whom the threats have been made?

The Prime Minister: I well understand my hon. Friend's anger, but the difficulty with this situation is that there are legitimate rights on all sides and the problem is how those are balanced out in extremely difficult circumstances. We are trying to take all these decisions in the best possible interests of the people in Northern Ireland. We have tried to do that throughout. It is a very difficult situation.

Let us be quite clear: the first thing that we should all be doing is totally condemning the violence that has erupted in the past few days. It has no proper justification. I do not want to repeat what I said earlier, but, if we focus on a lasting political settlement and the possibility of achieving it, we will realise that this is a difficult set of circumstances and we are going to have to get through it the very best we can.

However, I know from the past couple of weeks that my right hon. Friend the Secretary of State for Northern Ireland has been trying, in total good faith all the way through, to do her best by the people there. It is very difficult, if not impossible, but she is right to try to carry on, and I will carry on searching for that settlement.

I urge my hon. Friend and all others, once they have got over their understandable anger and dismay at what is happening, to get back to the only thing that offers a future to the people of Northern Ireland—a lasting political settlement that allows the consent of people in Northern Ireland to be uppermost. If we do that, we have some chance.

NATO Summit

3.31 pm

The Prime Minister (Mr. Tony Blair): With permission, Madam Speaker, I shall make a brief statement on the NATO summit that took place in Madrid on 8 July. I was accompanied by my right hon. Friends the Secretaries of State for Foreign and Commonwealth Affairs and for Defence. Copies of the declaration that we agreed, of our separate statement on Bosnia, and of the NATO-Ukraine charter, which we signed this morning, are being placed in the Library of the House.

The main outcome of the summit was an invitation to Poland, the Czech Republic and Hungary to begin accession talks with NATO, with the aim of joining the alliance by the 50th anniversary of the Washington treaty in April 1999. This is an historic decision and a step of huge importance, which I am confident will be widely welcomed in the House, and, indeed, across Europe and the alliance. We aim to negotiate a protocol of accession by the end of this year. This will need ratification by all NATO members as well as by the prospective new members. We shall, of course, ensure that there is a full debate in the House before British ratification.

Successful NATO enlargement has been a key objective of both the previous Government and this Government. If we can get this right, it will make a major contribution to security and stability in Europe by bringing in countries of central and eastern Europe to one of our key institutions. Our priority was a manageable and limited enlargement, involving credible candidates with reliable democratic credentials and a real ability to contribute to collective security. As I said in yesterday's discussions, NATO is a military alliance, not a political club, and its collective defence obligations have to be taken with the utmost seriousness.

We were, of course, conscious of the sensitivities of candidates which might not be asked to begin negotiations this time, and of others, such as Russia, which might fear the consequences of enlargement for them. We also wanted to ensure that the NATO door would remain open for future enlargements. We therefore strongly favoured an enlargement of three countries at this stage.

I should say a particular word about Romania and Slovenia, whose applications were especially closely considered even though there was no consensus to invite them on this occasion. Both countries have indeed made remarkable progress. Romania's new Government deserve particular congratulation on the steps taken since they took office last November. A number of allies would have liked to see Romania and Slovenia included among those invited at Madrid. All, including ourselves, saw them as strong candidates for any future enlargement, but we felt that Poland, the Czech Republic and Hungary were the limit for current enlargement. I warmly congratulate them.

There will of course be a financial price to be paid, mostly by the new members but also by existing members of the Alliance. We believe that this cost will be manageable. For example, there is no reason why Britain's contribution to NATO budgets, currently some £155 million per year, should rise significantly in real terms.

There were, of course, other disappointed applicants. We recognised, for example, the progress achieved towards greater stability by the states in the Baltic region. NATO leaders agreed that they expected in the years ahead to extend further invitations to nations willing to take on the responsibilities of membership, whose inclusion would serve the interests of the Alliance and enhance overall European security. We made clear our intention to intensify dialogue with aspiring members.

NATO's relationship with all its partner countries also took on a new dimension with the establishment of the Euro-Atlantic Partnership Council in May. Today's meeting with the Heads of partner countries has been taking place under the aegis of the partnership council.

Relations with two partners deserve particular mention. NATO leaders underlined the historic achievement represented by the Founding Act between NATO and Russia signed in May in Paris. Good future co-operation with Russia is vital for Europe's security.

In Madrid, we took a further important new step by signing with President Kuchma the NATO-Ukraine charter, which provides for intensified consultation between the Alliance and Ukraine. Ukraine's independence and sovereignty are vital to European stability, and the agreement with her is a further move to consolidate her key role in Europe.

We also looked at progress on the Alliance's internal adaptation, in particular the development of a new command structure. The aim is to reach final agreement by the time of the December ministerial meetings. Against this background, we warmly welcomed Spain's readiness to participate fully in the alliance once agreement on the new command structure has been reached. I should underline that, while we want to see Spain contributing fully to alliance security, we are determined to ensure that the interests of Gibraltar are fully safeguarded in this process.

We also discussed Bosnia, and expressed particular concern about the political crisis in the Republika Srpska. We called on those responsible to resolve their differences peacefully, and demanded that the police in Republika Srpska comply fully with all the provisions of the Dayton agreement. We also again urged the leaders of the region to deliver those indicted for war crimes for trial at the International Tribunal in The Hague. This issue must not and will not be put on one side.

Finally, we agreed on a further NATO summit in April 1999 to mark the 50th anniversary of the Washington treaty. That treaty has proved its enduring value in keeping the peace in Europe. But NATO has also shown its continuing relevance, and its ability to adapt to changed circumstances. NATO must continue to evolve and change as the security situation in Europe changes. The agreement on enlargement at the Madrid summit is a further important step in that process. It is an agreement which meets all of the objectives that we sought to secure. I commend it to the House.

Mr. William Hague (Richmond, Yorks): May I thank the Prime Minister for his statement? On behalf of the Opposition, I welcome many aspects of the Madrid summit, particularly the historic decision to extend the NATO Alliance to the east. I am glad that the right hon. Gentleman acknowledges the outcome of the summit as very much in line with the policy of the previous Administration, and that continuity is most welcome, as are his assurances concerning Gibraltar.

[Mr. William Hague]

Does the Prime Minister agree with me that the future stability of Europe may well depend on extending the prospects of membership to other central and eastern European nations over the coming years? What assurances did the right hon. Gentleman give to Romania and Slovenia in that respect? I agree with him that we must not undermine NATO's fundamental role as a hard-edged military alliance. Does the Prime Minister accept, however, that NATO enlargement and EU enlargement are complementary processes in many ways, and that in this respect the Madrid summit was more successful than the Amsterdam summit?

May I welcome the new NATO-Ukraine charter? Does the Prime Minister agree with me that President Kuchma's presence at the summit sent a signal to the people of the Ukraine that their nation has a positive role to play, in partnership with NATO, in spreading democracy and security throughout the world?

I agree with the Prime Minister that relations with Russia are central to the future of NATO, and that the new NATO-Russia Founding Act is an essential step in bringing Russia closer to the west. Will he assure the House that, although Russia has legitimate security interests, she will not have a right of veto over future NATO members?

Does the Prime Minister agree with me that Britain can be proud of the role that our forces have played and continue to play in Bosnia? He said that he had urged the leaders of the region to deliver those indicted for war crimes for trial, but how does he intend to take that forward in practice?

Does the Prime Minister agree that the NATO summit was an opportunity for him to reassure our allies that Britain will continue to play its full role in NATO? Did he explain to them his decision to hold a defence review? Will he confirm that some of our military commitments should be above the review, as they are essential to our defences and those of our NATO allies? Will he take this opportunity to say again that the Trident nuclear deterrent and the Eurofighter 2000 fall into that category?

What consultations has the Prime Minister had with his fellow Heads of Government? Has he reassured our German allies that the United Kingdom will not disband or withdraw the 1st Armoured Division from Germany? Did he reassure our Dutch partners that we will continue to have amphibious capabilities to co-operate with them? If those commitments are under review, are they not under threat? Is the Prime Minister aware that soundbites do not support NATO, but political action and military hardware do? Those are the two criteria that we will apply to measure the Government's commitment to our NATO allies, both old and new.

Finally, does the Prime Minister agree that the enlargement of NATO to take in former members of the Warsaw pact is an historic vindication of the resolve of those who, throughout the 1980s, rejected the simple-minded arguments for unilateral disarmament, and stood up for NATO and the western alliance in the years when that support counted the most?

The Prime Minister: I shall first deal with the politics at the end of the right hon. Gentleman's comments. The defence review has been welcomed by people in the armed forces, who think that it is entirely sensible. We have made it clear that it is foreign policy-led. As far as I am aware, the greatest cuts in defence made by any Government were made by his Government. With the greatest respect, we shall not take lessons from him on that. Our commitment to Trident and the Eurofighter has been made absolutely clear on many occasions.

I shall briefly deal with the points that the right hon. Gentleman made on the summit and on the NATO-Ukraine charter. We are in basic agreement. The assurances to Romania and Slovenia will be considered in good faith. We did not think it right to give a commitment that those countries will be taken in when the next round of enlargement occurs, but we have given a commitment that we will consider it in good faith.

We thought, as did the Americans and other countries, that it was right not to bring them in now, as the three countries that have joined—Poland, the Czech Republic and Hungary—have shown over a long period their commitment to the democratic process, and have got their armed forces almost up to the required state to be full members of NATO, whereas that is not yet the position with Romania and Slovenia. In the language we used, we deliberately "held the door open" to them and to other countries, and we shall continue to do so.

I agree that NATO and European Union enlargement go hand in hand. The charter with Ukraine is an important attempt to bind Ukraine even more into the European Community, but it still has a long way to go with its economic reforms. I expressed to President Kuchma the Government's full support for the action that he is taking, in the hope that he will continue that economic reform process.

Russia will not have a right of veto over new NATO members, although we must handle that issue sensitively. I concur with what the right hon. Gentleman said about the role of our armed forces in Bosnia. We keep all measures relating to the prosecution of war criminals under close scrutiny the whole time. I am immensely glad to report to the House that the British armed forces in Bosnia received the greatest of praise from all countries at the summit. They are generally reckoned to have done a superb job, often in very difficult circumstances, that have taken them far beyond the normal duties of soldiery.

Mr. Paddy Ashdown (Yeovil): I welcome the Prime Minister's statement, which showed that sensible and admirable progress had been made in Madrid. Even if some of it had as much to do with American domestic politics as with international necessity, it is no less welcome for that.

I have two questions, one relating specifically to Bosnia and one more general. First, does the Prime Minister agree that, while it may not be necessary to hunt down every petty war criminal in Bosnia immediately, it is urgently necessary for stability, and for withdrawal from the climate of increasing confrontation in Bosnia, to hunt out soon—or obtain soon—the more senior war criminals? Does the right hon. Gentleman agree that the sooner that is done, the better?

My second question relates to the general progress in Madrid. That progress was sensible, but short-term. We still lack a strategy. Let me give the Prime Minister an example. The armed forces of Romania, which has been excluded from NATO, are by general consent both more

efficient and more under civilian control than those of, say, Poland and the Czech Republic. Are we now going to draw up general criteria that will be applied in the consideration of future entrants?

Does the Prime Minister accept that there is a necessary but growing divergence between the long-term strategic aims of the Americans in NATO and the Europeans in NATO? The Americans see NATO as a global institution, perhaps with implications for their policy on the middle east, while we see it as an institution concerned with security in Europe.

As an ad hoc set of decisions, the decisions that were made were sensible; but they do not yet comprise a strategy, and we need a strategy urgently.

The Prime Minister: I agree that it is important for us to take action on war criminals, and, as I have said, we keep that under constant review. There are many other things that we need to do in order to give more impetus to the process in Bosnia, which has been in danger of drifting for some time. That issue formed a large part of the more informal discussions at the Madrid summit. We hope that the proposals that now exist, and the implementation of the Dayton agreement, can be given greater force, and we are considering how we can achieve that.

As for Romania, and the question of which countries come into NATO, a range of criteria must be established before a judgment can be properly assessed; but I think that those criteria are basically fairly obvious. Of course they are to do with the state of the country concerned—with the development of democracy there, and the state of the country's armed forces; but—this is the burden of what I had to say when I addressed the summit—we must realise that NATO is a military alliance.

There was a danger that people were saying, "Let us broaden the alliance to show good faith, and introduce more and more countries." What membership of NATO means is that we guarantee that we will send our troops to a country and that, if necessary, they will die to defend that country. The country involved guarantees, vice versa, that its troops will come and die for our country. That is a profound and solemn obligation, which I believe should be undertaken only when we are absolutely clear that certain countries are ready to undertake it.

Judgments change. Two years ago, people might have said that Slovakia rather than Slovenia was the country that would come into NATO, but they probably would not say that now. The matter must be kept under review.

The right hon. Gentleman mentioned relations between the Europeans and the Americans. I think that there is a clear strategy for NATO, in that collective security is still tremendously important to us. Of course its nature has changed somewhat as a result of the welcome changes that have taken place in eastern Europe, but I believe that one of the purposes of NATO is to bind the Americans and Europe more closely together.

I took the opportunity of saying in Madrid—as, indeed, I did at the Amsterdam summit, when we discussed the idea of a common defence policy in Europe—that nothing must ever be done that would undermine that transatlantic alliance, because it is the foundation of NATO, and is entirely right in terms of defence principles.

We were talking about Romania a moment ago. In Romania, we have our biggest bilateral defence programme in central Europe. It is far bigger than those in many other countries that urged us to take Romania into NATO.

Mr. Tam Dalyell (Linlithgow): When President Kuchma came to the Jubilee Room last year, I asked him in his capacity as the former technical director at Baikonour whether there should be more co-operation on the tremendous science that existed in Soviet times. He gave the positive answer that, for financial and technical reasons, a great deal could be done between Ukraine and, for that matter, Kazakstan and the west for mutually beneficial purposes. Was anything said about that technical co-operation or about the unstable sarcophagus problem at Chernobyl?

The Prime Minister: I had a bilateral meeting with President Kuchma, and both those issues were raised. On the first, we assured him of our intention to carry on and to deepen technical exchange. Of course, we make quite a contribution through the know-how funds to what is happening in Ukraine.

My hon. Friend asked about the sarcophagus, the covering on the Chernobyl reactors. President Kuchma raised that with us, and we are currently looking to see how the European bank for reconstruction and development can assist in the process of finding an alternative to what is there at present—the Chernobyl reactors. It is important for this issue to be dealt with because if we are to make sure that Chernobyl is closed down by 2000, there is much work to be done. We agreed that we would carry on exchanging information on these subjects.

Mr. Tom King (Bridgwater): I assure the Prime Minister that, on the central theme of the enlargement of NATO, I think that he will have wise and general support. I emphasise the importance of what he said about showing sensitivity to Russia in this development. There is too ready an acceptance that it must be the obvious step. It is the right step, but it needs to be carefully managed.

Can the right hon. Gentleman say anything about the costs of infrastructure improvements that may be involved in this enlargement? Is it not the case that they could result in substantial injections of foreign currency into some of the countries concerned? Is he aware that, in an existing NATO country, we cancelled a major infrastructure improvement because of evidence that criminal organisations were likely to receive a substantial share of the proceeds? I encourage him to take a close interest in how such investments will be managed in the countries that receive them.

The Prime Minister: I thank the right hon. Gentleman for his broad support. I agree that we have to be very sensitive to Russia's concerns, which is why last month we signed the agreement with Russia about our future relations. It is not possible to give a detailed breakdown of the costs, although I am advised that some of the estimates that I have seen recently are highly exaggerated.

The right hon. Gentleman's points about foreign currencies and the difficulties that were encountered over infrastructure projects are well taken. For precisely that

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reason, we have to be clear, during the negotiations about accession, that proper arrangements are made. Of course, that is another reason for us to be clear about those countries being ready for full membership of NATO.

Mr. Jim Marshall (Leicester, South): My right hon. Friend agreed with the Leader of the Opposition that the expansion of NATO and that of the European Union would go together. Does he agree that the Western European Union should be involved in that equation? If so, will an invitation be extended to the three applicant countries to join the Western European Union? If that happens, what will be the consequences for the developing common defence policy of the European Union?

The Prime Minister: My hon. Friend is right: the WEU has an important role to play. That was precisely why we safeguarded its position in the Amsterdam treaty. Words were inserted at our behest to make it quite clear that part of the common defence policy that we certainly perceive in relation to Europe is through the WEU. Obviously, invitations to other countries are kept under review all the time.

My hon. Friend's point is well taken, and it is another reason for our belief that NATO and the WEU are the foundation stones of our common defence policy. Although we want to co-operate with European Union countries and want such co-operation to be practical, we should not rush into a common European defence policy while we are still trying to sort out basic arrangements in the alliances we already have.

Mr. Nicholas Soames (Mid-Sussex): I applaud the Prime Minister's determination to ensure that it is well understood that NATO is a military, not a political, organisation. In his deliberations, was he able to come to any firm conclusion with our partners on the question of Commander-in-Chief South, and the position of the French Government? Does the Prime Minister agree that, as there are countries that have been left out—for reasons with which I entirely concur; again, I applaud what he said about them—it is important that the partnership for peace process is strengthened and deepened, so that it does not become a meaningless waiting room for those countries that want to join, but are not able to do so?

The Prime Minister: On the first point, perhaps the hon. Gentleman will allow me to be diplomatic and to say that discussions are continuing in relation to Commander-in-Chief South, but the hon. Gentleman's point about the partnership for peace process is absolutely right. I should have said that that was one of the things that was raised at the summit.

It is important that these countries understand that the way is open. A number of different factors have to be balanced there, but one reason why I was hesitant about an enlargement by five, apart from the fact that I did not think that the case was sufficiently justified on other grounds, was that it was important that we did not give the impression that, having taken in five, that was the end—that one group was in and no one else came in.

This process will have to be handled with huge care and sensitivity, not least because of the problems to do with Russia over the next period, but the partnership for peace has worked out far better than people thought as an initiative, and we gave it full support and agreed to intensify it.

Ann Clwyd (Cynon Valley): As the Prime Minister knows, we have not had the open and vigorous debate on this important issue that people have had in the United States, which is regrettable. If we were being sensitive to Russia, we would not have embarked on this enlargement in the first place. Does he think it responsible for NATO to encourage countries such as Poland, which are struggling with their economies, to double their defence budget at the cost of health, education and the infrastructure—all those things that are needed in an emerging economy?

How much is enlargement going to cost this country? The rumours in the United States are that it will cost us more than the United States. Lastly, will he tell us precisely what the process of ratification will be in the House of Commons? As he knows, in the United States, it is a long-drawn-out process. Can he give us some indication of the time scale for ratification in the House?

The Prime Minister: First, the process of enlargement is important. There can no doubt be legitimate disagreement about it, but I believe that it is extremely important for countries that have emerged from under the shadow of the old Soviet Union and that feel that accession is an important part of their progress towards modernisation and democracy, to be part of the NATO alliance.

Having talked to the President of Poland during the summit, I believe that Poland did not need much encouragement. It views accession as an essential part of what it wants to achieve. Indeed, the problem for NATO is not that it is having to drag unwilling countries into the NATO alliance. On the contrary, as we have discussed, the problem is that it is having to say no to many countries that want us to say yes at present.

The ratification process will, of course, be a matter for discussion, but it will be fully debated in the House of Commons. There are people in the United States who wholly oppose the enlargement process, but many of them want the United States to have an isolationist policy, which I would not like us to agree with at all. The maintenance of a strong link between the United States and Europe is an essential part of our future defence requirements and of our security. It is to the credit of President Clinton that he has been prepared to take those people on.

Sir Geoffrey Johnson Smith (Wealden): I, too, applaud the Prime Minister's statement. I can confirm that the reaction of the countries to which he referred is correct, as I was able to judge for myself at a meeting in Warsaw over the weekend of the Organisation for Security and Co-operation in Europe.

Nevertheless, I hope that the Prime Minister will take into account the fact that, as NATO is a military alliance, there is also concern, among those who have welcomed expansion so far, that it could lead to tremendous diplomatic and political problems with not only Russia but those nations which might find themselves disappointed. I strongly emphasise the comments of my hon. Friend the Member for Mid-Sussex (Mr. Soames).

who said how important it is to establish the criteria in a way that will ensure that, if those countries are not included in the expansion of NATO, there will be an expansion of the usefulness—in their eyes—of the partnership for peace and proper, and positive use of the Foundation Act which established the co-operation of discussions with Russia.

The Prime Minister: I totally agree with the right hon. Gentleman. That is precisely our intention. It is important that all these decisions are taken free from politics between the main powers. They must be taken on an objective basis that can gain some credibility. That is what we have tried to do in the arrangements that we set out. I agree entirely with the right hon. Gentleman.

Mr. Dennis Skinner (Bolsover): Does the Prime Minister agree that this exercise will almost certainly cost the Labour Government billions of pounds over five years? Now that those three Warsaw pact countries—the Czech Republic, Hungary and Poland—want to join, and another half a dozen Warsaw pact countries want to jump on the bandwagon, who is the enemy? It cannot be all those countries in the middle east, because successive Tory Governments have rearmed them over the years, and it cannot be China because Governments have handed over Hong Kong to that country. Who is the enemy? Why should we be spending all this money for this organisation, when we could use it on the hospitals, schools and many other projects that we need in Britain?

The Prime Minister: I am sorry to say that I cannot agree with my hon. Friend. We have no reason to think that we are talking about billions of pounds of public spending. I said earlier that I see no reason now—I will make it clear if things change—why there should be a real-terms increase in NATO expenditure at all. Much of the spending that takes place will be in those countries that want to gear themselves up for membership of NATO.

The purpose of NATO remains collective security. Yes, it is less easy today to say where a threat may come from, but we need the capability to defend ourselves properly. Collective security has been the basis of our defence for decade upon decade, and it has served us pretty well. The vast majority of countries which remain in NATO—probably all those countries—do so because they see genuine benefit in it. They would not remain in membership if they did not.

Mr. Michael Colvin (Romsey): I support strongly the calls today for an enhanced role for partnership for peace. Can the Prime Minister be a little more specific about the timetable? Is he saying that the three new members of NATO will be fully fledged members by 1999, able to fulfil their obligations under article 5 of the Washington treaty? Can he be more specific about costings? He said that the cost to the United Kingdom of those three new members will not be significant. Whatever the cost, significant or not, will it fall on the defence budget or the Foreign Office budget?

We welcome what the Prime Minister said about Spain and Gibraltar, but am I to understand that the United Kingdom has vetoed Spain's membership of the integrated military structure, and will continue to do so until it allows its airspace to be used not only for NATO allies engaged in NATO exercises but for civil airlines using that airspace for access to Gibraltar?

The Prime Minister: On the timetable, the aim is that, by the 50th anniversary meeting in April 1999, the membership of those countries will be through. Of course, the process of accession has to be negotiated with them in detail over that period, and that is what will happen. The aim is certainly to have them all in by April 1999, and that is the agreement we reached.

The position on Spain and Gibraltar is that the Foreign Ministers have to come back in December with the details of how the command structure will be changed as a result of the internal adaptation process of NATO. We have made it clear to the Spanish Government, tactfully but firmly, that a necessary part of ensuring that any new command structure that involves Spain is in place is that we should resolve the questions over the airspace. We will continue to do that, and I hope that we will be able to resolve the issue.

The reason that we are taking that attitude is not machismo. If Spain is fully to integrate into the military command structure—we would welcome and strongly support that—it will mean consequential changes in the way that that airspace is used. We have to ensure that it is right.

Mr. David Winnick (Walsall, North): What did the Spanish Foreign Minister mean yesterday when he spoke of Spain's "legitimate demands" of sovereignty over Gibraltar? What sort of topsy-turvy language is that? Is not an important principle involved—the right to self-determination of the people of Gibraltar? We might compare Gibraltar with the sad situation in Northern Ireland, but Northern Ireland is a divided community and Gibraltar is not. Now that Spain is a democracy, and has been for a number of years, should it not respect the wishes of almost all the people who live in Gibraltar? Surely that is not asking too much.

The Prime Minister: Fortunately, I do not have to answer for the Spanish Foreign Minister. It is important to understand that British Government policy on Gibraltar is not going to change, and that the wishes of the vast majority of people in Gibraltar are very clear.

Mr. Douglas Hogg (Sleaford and North Hykeham): I support the policy of the gradual enlargement of NATO, and particularly the invitation to the three Visegrad countries. Will the right hon. Gentleman clarify policy on the Baltic states? He knows that a number of people wish to close the door permanently on any admission to NATO of the Baltic states—or at least some of them—because of the ethnic Russians in at least two of them.

Does the right hon. Gentleman agree that we should maintain the policy of admission, especially as Estonia, and probably others, will in time become members of the European Union? Meantime, as my hon. Friend the Member for Mid-Sussex (Mr. Soames) said, should we not concentrate on ensuring that the three Baltic states participate fully in the partnership for peace programmes?

The Prime Minister: I agree with the right hon. and learned Gentleman—that is one reason why we were so

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insistent that the right language about the Baltic states went into the agreement and communiqué. It was made clear that there were aspiring members among the Baltic states, and that the door remained open to them on the same basis as for others. That is important. The fact that we took such a strong view was hugely welcomed by representative of all the Baltic states who attended the dinner last night. I am sure that we have generated a great deal of good will among them.

Mr. John Home Robertson (East Lothian): I am sure that NATO is right to defer consideration of the application from Slovenia. However, does my right hon. Friend agree that stability in the former Yugoslavia is in the vital interest of NATO and the European Union? Does he further agree that it will be difficult to have stability in the former Yugoslavia as long as Ratko Mladic and Radovan Karadzic are strutting their stuff in the Bosnian Republika Srpska? Can my right hon. Friend envisage circumstances in which NATO forces in SFOR in Bosnia may be required to help to apprehend those indicted war criminals?

The Prime Minister: All that I can say to my hon. Friend is that we remain dedicated to bringing war criminals to justice, and we keep under review the best means of achieving that. However, that should not be taken as politic-speak for saying that the issue is being pushed into the long grass—it is not. It remains under active consideration.

Mr. John Wilkinson (Ruislip–Northwood): May I add my words of appreciation to those of right hon. and hon. Members on both sides of the House for the Prime Minister's statement, and in particular for the charter between NATO and Ukraine and the Government's unequivocal statement of support for Ukraine? It is a favourable development, because Ukraine is the foundation stone of eastern European security.

To continue the metaphor, are not the Baltic states the cornerstone of eastern European security? Therefore, could not a similar charter between NATO and the Baltic states be drafted, signed and ultimately ratified? Notwithstanding the favourable statements made, the Baltic states feel exposed, yet they have impeccable democratic credentials, and take part, alongside NATO, Russian and Ukrainian troops, in peacekeeping in Bosnia.

The Prime Minister: The hon. Gentleman is absolutely right. The Baltic states undertake that peacekeeping role, which is one reason why we wanted to include language supportive of them in the communiqué. Obviously, we always keep under consideration the best way of improving relationships with them in defence terms. On NATO and Ukraine, it is important to understand Ukraine's absolutely pivotal role in the security of eastern Europe. The move was very good and essential for the future, not only because it assists Ukraine but because it puts in place another block of the collective security of all our countries.

Mr. Jeremy Corbyn (Islington, North): Does the Prime Minister accept that opposition in the United States to NATO expansion comes largely from the peace movement and from those who are concerned about burgeoning US military expenditure? Like many people in central Europe, they are very concerned that countries with huge gaps between rich and poor will be expected to find millions of pounds that are desperately needed for houses, hospitals and schools in order to buy new weaponry from the United States and western Europe.

Would not the situation be rather better if we were attempting to achieve de-escalation in military expenditure across Europe rather than NATO expansion right up the borders with Russia—which may well fuel another arms race between NATO and Russia?

The Prime Minister: Opposition will, of course, come from many quarters, but it is misplaced. Countries in central and eastern Europe want to be NATO members, not because they wish to engage in some new arms race—they themselves are tremendously sensitive to their own relations with Russia—but because they regard NATO membership and the collective security that that offers as the best platforms for stability for their countries, and as the best encouragement to the democratic process.

Those countries also detect a very strong connection between economic reform and NATO membership—not because of specific expenditure but because, for them, it is important to be part of the collective security that NATO represents. Being part of that collective security assists the process of economic reform in those countries, because it gives them security and confidence.

Mr. William Cash (Stone): Does the Prime Minister accept, when he says that NATO and the EU go hand in hand, that there is a potential inherent contradiction between the concept of control and command, which is part and parcel of article 5 of the NATO treaty, and the concept of progressive movement towards a common defence policy in the Western European Union? How will he reconcile that contradiction in his thinking, as he has just outlined?

The Prime Minister: We had it written into the Amsterdam treaty that we believe that our common defence is in NATO precisely because we wanted no one to be in any doubt that—in whatever arrangements for common defence we have in Europe—NATO remains for us, as for other countries, the foundation stone of our defence. NATO is a body that we have joined that, for reasons of the better satisfaction of our national interests, requires a pooling of sovereignty. The situation is similar with the European Union. They are, of course, different bodies, but the principle is the same—that, in certain respects, we are better off binding with other people than remaining outside and on our own.

Dr. John Marek (Wrexham): I congratulate the Prime Minister and the Foreign Secretary on the success of the Madrid summit. Hon. Members on both sides of the House believe that Spain should be integrated into the NATO machinery. As part of that process, however—to take the Prime Minister back to a question asked earlier—restrictions over Spanish airspace should be lifted. That applies not only to military but to civil over-flying. It is an important issue. I am sure that the Prime Minister will

receive congratulations from all hon. Members if he can resolve it—which I hope he will commit himself to doing before September.

The Prime Minister: I understand the point that my hon. Friend makes, and, of course, those matters will be part of the discussions that we shall have over the next few months.

Mr. Crispin Blunt (Reigate): I should like to ask the Prime Minister about the lack of differentiation between Slovenia and Romania. He spoke about the qualifications of credible candidates, which included being a reliable democracy and making a contribution to collective security. We have accepted the membership of Hungary, which does not have a contiguous border with any NATO country.

If NATO is to be a successful military alliance, surely the capacity to reinforce its members is of great importance, and Slovenia has a central contribution to make. Given that it fulfils the democratic functions—I accept that the armed forces of Slovenia are frankly neither here nor there in terms of the overall balance of NATO—why was there no differentiation? Was it because of the need for the United Kingdom to cosy up to the United States in the discussion about the arrangements?

The Prime Minister: That is a slightly strange sentiment coming from that corner, but we shall let that pass. In relation to the first part of what he said, the hon. Gentleman has a fair point in one sense, but it was felt by everyone concerned that Romania and Slovenia had to be dealt with together, and I think that that is the right way to have proceeded. It is nothing to do with cosying up to the United States or anything else; it was part of our joint position because we jointly believe in it.

BILL PRESENTED

Social Security

Secretary Harriet Harman, supported by Mr. Chancellor of the Exchequer, Mr. Secretary Blunkett, Mr. Secretary Dewar, Mr. Secretary Dobson, Secretary Marjorie Mowlam, Mr. Secretary Davies, Dr. David Clark, Mr. Frank Field, Mr. Geoffrey Hoon, Mr. Keith Bradley and Mr. John Denham, presented a Bill to make provision as to the making of decisions and the determination of appeals under enactments relating to social security, child support, vaccine damage payments and war pensions; to make further provision with respect to social security; and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 42].

Disability Discrimination (Provision of Voting Facilities)

4.16 pm

Mr. John Heppell (Nottingham, East): I beg to move,

That leave be given to bring in a Bill to amend the Disability Discrimination Act 1995 to make it unlawful for a provider of voting facilities to discriminate against disabled people.

There are many reasons that I wish to introduce the Bill, but there are three main ones. The first is the "Polls Apart 1992" survey carried out by Scope, which spelled out some of the difficulties that disabled people face in getting access to polling stations. It showed that only 12 per cent. of polling stations were fully accessible, while 88 per cent. had significant barriers that would have prevented a disabled person from voting there.

Only one out of every eight polling stations are accessible to all disabled people. A quarter had two or more steps, 13 per cent. had temporary ramps, and only one in three that needed permanent ramps had them. The survey found problems with doorways and lighting, a lack of privacy, polling booths and ballot boxes that were inappropriate or located where people with a disability could not use them, and slippery floors. I could go on and on.

That survey on its own would have been enough to justify the Bill but, on top of that, Scope has produced "Polls Apart 1997", which is my second reason for introducing the Bill. That report will not be released until next week, so, although I have seen a copy, I shall not reveal the details. However, without giving away any great secrets, I can say that the report shows that things have not got any better. It was a bigger survey, and, in some respects and in some areas, things seem to be worse. There are, however, a few positives.

Some councils have made enormous strides, sometimes at very little cost and, I have to say, with very little help from the Home Office. They have made amazing improvements simply by changing their attitude. Unfortunately, those councils are the exceptions that prove the rule. The third reason for introducing the Bill is my personal experience; what I have seen in my locality has appalled me.

During the election, I went to a polling station on my own patch. I found a well-signed entry for the polling station, went through the gateway, and found a path that was 100 to 150 metres long, with, roughly every six feet, a step going down. There was a hand rail for people with a disability. I helped an elderly lady with bandages on her leg all the way down that path to get to the polling station, only to find, when I reached the bottom, that there was side access to a road. The woman could have had her taxi bring her directly to the door of the polling station, but a simple matter of bad signing had prevented it.

All that was despite the fact that I had written to the chief executive before the elections asking him to ensure that staff were trained in matters of access and to take account of the needs of disabled people. In response, I got a self-congratulatory letter saying:

"We think that over 50 per cent. of our polling stations are accessible to disabled people."

That is the authority's assessment, not mine, and I suspect that, if Scope had surveyed it, far less than 50 per cent. of stations would have been found to be accessible.

[Mr. John Heppell]

The chief executive informed me that there was no problem because some of his inspecting officers had portable ramps that they carried around with them on election day. I wondered how they knew when a disabled person would turn up, and at what polling station, so that they could nip across in their cars with the portable ramp. To be quite honest, it was nonsense.

I was even more surprised to find that the authority had no knowledge of the fact that there were grants available for elections—50 per cent. grants for temporary ramps and 80 per cent. for the new, more accessible polling booths. Despite the fact that, since 1993, the Home Office has paid out £179,000 in such grants, my authority was unaware of them. I had told the chief executive that I was sure that there were grants, but he said that there were not. As recently as June, he said:

"Firstly, I have checked with the Home Office about the availability of grants for access to polling stations and, as I thought, no such grants are available."

The Parliamentary Under-Secretary of State for the Home Department (Mr. George Howarth) *indicated dissent.*

Mr. Heppell: I am getting a shake of the head from the Minister—I hope that I have not got it wrong.

Mr. Tom Levitt (High Peak): No, you are right.

Mr. Heppell: I am right—okay.

To give credit to the chief executive of Nottingham city, he is now suggesting that £150,000 be put into the capital programme at the beginning of 1998 to try to deal with some of those problems, so things are moving.

The Representation of the People Act requires local authorities to make polling stations accessible to disabled people, but, in my view, local authorities are clearly not doing so. One of the problems is that elections are the one area in which council officers do not take any directions from elected councillors—they can do what they like, and it does not matter what anyone else says.

To be quite honest, it shows, because some returning officers turn into little Hitlers—any advice one gives them is considered political, and they are determined to run it their way. That is a more general point about elections. Many election officers are helpful and do their best, but many councils do not issue clear guidelines about how they should deal with disabled people. It seems that it is left to the officers' common sense. Well, let me tell the House that some people's common sense is my nonsense.

I find that many of the people dealing with the public during elections, in effect, tell disabled people off. They say to them, "It's really your fault—why didn't you put in for a postal vote? It's not my responsibility—you should have put in for a postal vote." My response is that postal votes are not an excuse for authorities to do nothing.

Why should disabled people be denied the right to go to a polling station and vote when they want to? Why do they have to vote ahead of the rest of us? In the 1992 elections, it is reckoned that 3 per cent. of the population switched from Labour to Conservative. That was not very helpful to my party, but people had the right to do that—they had information right up to polling day, and could wait until the day itself to make their minds up. Why should people with a disability not have that same benefit?

The whole postal vote system causes confusion to many people who have a disability. In 1990, the Government spent £750,000—three quarters of a million pounds—publicising the right of people living abroad to take part in British elections. As a result, 34,500 people registered; that worked out at £22 per person. The Government spent £14,500 to publicise the rights of the 7 million disabled people and the elderly to postal votes in elections; that worked out at 2p per person. No wonder people with disabilities believe that they are being treated as second-class—sometimes third-class—citizens.

In the past few years, enormous strides have been made in recognising the needs of disabled people and the fact that they deserve civil rights. I believe that the Civil Rights (Disabled Persons) Bill, the private Member's Bill introduced by my hon. Friends the Members for North-East Derbyshire (Mr. Barnes) and for Kingswood (Mr. Berry), was the catalyst for the Disability Discrimination Act 1995.

The Bill that I propose is not significant; it is very modest. I am not asking for civil rights for disabled people in total; all I am saying is that I want to give them the basic democratic right that the majority of us enjoy—the right to vote.

Question put and agreed to.

Bill ordered to be brought in by Mr. John Heppell, Mr. Harry Barnes, Mr. Roger Berry, Mr. Vernon Coaker, Mr. Mike Hall, Mr. Neil Gerrard, Mr. Elfyn Llwyd, Mr. John Hayes, Mr. John Healey, Mr. Tom Levitt, Kali Mountford.

Disability Discrimination (Provision of Voting Facilities)

Mr. John Heppell accordingly presented a Bill to amend the Disability Discrimination Act 1995 to make it unlawful for a provider of voting facilities to discriminate against disabled people: And the same was read the First time; and ordered to be read a Second time upon Friday 12 December, and to be printed [Bill 43].

Opposition Day

[2ND ALLOTTED DAY]

Pensions

Madam Speaker: I have selected the amendment in the name of the Prime Minister.

4.27 pm

Mr. Peter Lilley (Hitchin and Harpenden): I beg to move,

That this House condemns the Government's assault on pension funds through the removal of tax relief on dividend income of pension funds in direct betrayal of their election pledges; agrees with the National Association of Pension Funds that this is the biggest attack on funded pension provision since the War; believes the brunt of the cost of the Windfall Tax will also fall on pension funds; warns members of occupational schemes that they and their employers will have to increase contributions to maintain benefits; further warns personal pension holders that they will need to pay higher premiums or suffer significantly lower pensions; believes the Government is guilty of mis-selling personal pensions if it refuses to spell out how much this tax change will cost pension holders; demands that the Government increases the contracted out rebate to avoid large-scale contracting back into SERPS; deplores the total absence of consultation about these far-reaching changes in company and pension taxation which has resulted in shoddy, hastily prepared and ill-thought-out proposals; and calls for the Government to withdraw these measures until it has prepared a Green Paper on future reform of company taxation and its implications for pension provision.

One of the most daunting challenges facing every developed country is that of providing decent pensions for an aging population. When the welfare state was set up, there were five working people contributing to support every single pensioner. By 2030, for every five working people, there will be three pensioners—three times as many pensions to provide.

There are only two ways of financing pensions: by taxes and charges, or by savings and investment. Continental countries rely almost exclusively on the tax system to finance their pension provision. They use this year's taxes to pay for this year's pensions of people who have already retired. It is pay-as-you-go. As a result, they face increasingly crippling burdens of taxation, as more and more pensioners are supported by fewer and fewer people of working age. When the Minister for Welfare Reform was Chairman of the Select Committee on Social Security, he highlighted the problem of unfunded continental pension liabilities, so the House is well aware of that.

By contrast, in this country we have encouraged people to save and invest for the future. We have enabled them to opt out of the state earnings-related pension scheme, and given them national insurance rebates to do so. When they opt out of the state scheme, their contributions are genuinely saved and invested; they go into industry and generate the profits and dividends to pay for people's pensions in 10, 20 or 30 years' time—without imposing a crippling burden of tax on our economy.

Mr. Michael Clapham (Barnsley, West and Penistone): The right hon. Gentleman will be aware that two years ago, Coopers and Lybrand carried out a study which concluded that 2.4 million people on low incomes had been misled, and that their contracting out of SERPS would not pay for the administration costs of the personal pension schemes that they had entered. Therefore, what he has just said is not quite correct.

Mr. Lilley: I am sure that the hon. Gentleman will agree that the misselling of pensions in the past by the private sector is no justification for the misselling of pensions in the future by the public sector. Measures that reduce the return to pensions, relative to costs, cannot be an improvement.

The fact is that we have built up a huge flow of investment. As a result, we have accumulated about £650 billion of investment to pay for present and future pensions. That is not just more than any other country in Europe; it is more than all the other EC countries put together have bothered to save and invest for their future pension liabilities. Above all, it has been Conservative Government policies, encouraging savings and investment, which have put Britain in that strong position.

Kali Mountford (Colne Valley): A constituent of mine did exactly as you suggest, but lost nearly £7,000 of his savings. He used to be a Tory voter, but he was so disappointed by what happened with his personal pension plan that he reverted to the Labour party, thank goodness. What would you say to my constituent, who has lost such a massive sum investing in the very way that you describe?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The only "you" in the Chamber at the moment is me, not the right hon. Member for Hitchin and Harpenden (Mr. Lilley).

Kali Mountford: I apologise.

Mr. Lilley: I should be quite happy for you to answer that question, Mr. Deputy Speaker. Still, I shall do my best. I would advise the hon. Lady to ensure that her constituent takes up his grievance with the regulators, who have given an assurance that no one will lose, and everyone will be compensated for misselling.

Sir Nicholas Lyell (North–East Bedfordshire): Is it not correct that the changes to advance corporation tax made by the Government in the Budget will remove, from a 30-year-old man building up a savings pension fund, not the £7,000 that the hon. Lady's constituent lost, but about £50,000 over his lifetime of work?

Mr. Lilley: My right hon. and learned Friend is correct. I hope that the hon. Lady will write to her constituent to point out the damage being done to all such people by the actions of Labour Ministers. Meanwhile, I am sure that she will join us in the Lobby tonight.

Mr. John Butterfill (Bournemouth, West): Is it not also true that the changes that the Government propose to make to ACT have been viewed by independent observers as making it more difficult to complete the pensions review and as delaying the payment of compensation to those entitled to it?

Mr. Lilley: That is also correct.

[Mr. Lilley]

As I said, the great achievement of building up this huge volume of pension funds, which enjoyed bipartisan support in the past, was primarily due to Conservative Government policies. To be fair to the Labour party, Baroness Castle's reforms also played a part. As far as I am aware, no Labour Government before this one ever tried to penalise or discourage saving in pension funds. Therefore, the Budget changes represent a breach with that bipartisan consensus. The Budget targets pension funds for many billions of pounds a year, which will reduce investment, penalise long-term savers and permanently subject pensioners to double taxation on the income that they put into the funds.

We should not penalise pensions provision. We need more pensions provision and savings, not less, which is why earlier this year the Conservative Government announced plans to build on our success by ensuring that, in future, every young person entering the labour force would have his or her own pension plan, funded by rebates from the national insurance system, to provide decent, secure, guaranteed funded pensions.

Basic pension plus involved the Conservative Government putting billions of pounds into pension funds; the Labour Government's Budget involves taking billions of pounds out of pension funds. The Labour party calculated that the accumulated value of the rebates that we proposed over 44 years—that is a long period—would total some £150 billion. On the same basis, it proposes over that period to take £230 billion out of pension funds and use it for other purposes, which only Labour Governments can devise.

There is a consensus that we should encourage more long-term saving. It is sad that, for short-term political reasons, the Government have decided permanently to discourage and penalise private pension provision, and it is no surprise that the National Association of Pension Funds described the Budget as the biggest attack on funded pension provision since the war.

Mr. Ivor Caplin (Hove): The right hon. Gentleman has not yet responded to the question about the misselling of pensions. Ten years have elapsed since personal pensions were first sold, yet fewer than 12,000 people, including my constituents, have been compensated and more than 500,000 remain uncompensated. What did the right hon. Gentleman do about the misselling of pensions when he was Secretary of State for Social Security?

Mr. Lilley: Like other hon. Members, the hon. Gentleman raises an important point. I intend to come to it in the order that I choose; I shall respond directly to his point.

Mr. Dale Campbell-Savours (Workington): Will the right hon. Gentleman give way on basic pensions?

Mr. Lilley: I shall give way to another supporter of my pension scheme, along with the Minister for Welfare Reform.

Mr. Campbell-Savours: I want to comment on that very point. Conservatives in my constituency blame the former Secretary of State personally for the disaster of recommending that the old-age pension should be privatised. They have read the literature and believe Labour's accusation that the right hon. Gentleman intended to privatise the old-age pension. Does he now have enough conscience to come to the Dispatch Box and apologise to tens of thousands of Conservative party workers throughout the country who blame him?

Mr. Lilley: I am happy to say that, although we suffered a big swing against us generally throughout the country, there was almost no swing against us among pensioners, except possibly in the hon. Gentleman's constituency. I advise him to ask his constituents whether they would prefer a state pension based simply on the promise of future payment from future tax revenues by a Labour Government, not backed by investment funds, or a basic pension guaranteed by the Government and backed by investment funds. I know which I prefer, and which any sensible person would prefer.

In any circumstances, a massive new tax charge on pension funds would be deplorable, but from a party that gave the electorate a clear pledge that it would not raise taxes, it is a betrayal of trust. Before the election, the then Leader of the Opposition told Birmingham business men:

"We have no plans to increase tax at all."

The then shadow Chancellor said on television on 8 April:

"We've got no public spending commitments that require extra taxes."

The Government then come along and raise £5 billion a year—over and above the windfall tax—by imposing 17 new tax increases, by far the biggest of which falls on pension funds. That is a betrayal of trust on a scale that the Government ought to find deplorable.

I shall first examine the direct impact of the Government's changes. Secondly, I shall consider the arguments deployed by the Government to defend their claim that the measure will not affect pensioners. In the process of that I shall deal with the issue of misselling, which hon. Members have raised, and finally I shall examine the lack of consultation about those far-reaching changes, which is a scandal.

The Government hope to raise the very large sums that they propose to extract from the change in advance corporation tax credits without too much political pain, because the money is to be extracted at one remove from the ultimate losers, and the system is so complex that scarcely anyone understands what is happening.

Dr. George Turner (North-West Norfolk): It is too complicated.

Mr. Lilley: We are discussing the Government's measures, and I am inclined to agree with the hon. Gentleman.

In the course of my professional life I have had to study the ACT system in some detail over many years, and on at least three occasions I have understood it, but it is difficult to sustain that understanding for any length of time.

For the first time, a Government propose to tax the income generated from long-term savings. In effect the Government are imposing income tax on pensioners' dividends, which they previously enjoyed free of basic-rate tax. Previous Governments of both complexions have thought it right to encourage and reward long-term savers

by ensuring that they paid tax once and once only on the income that they saved, and exempting at least from the basic rate of tax any investment income generated by that long-term saving.

My right hon. Friend the then Chancellor, Norman Lamont, adhered to that rule when he reduced the relief from the old standard rate of 25p in the pound to the new target rate of 20p in the pound. By abolishing that relief entirely—by reducing the credit from 20 to zero—the Government are in effect imposing tax at the standard rate of 20 per cent. on income generated by long-term savings.

That is a clear breach of Labour's promise not to increase the rate of tax on anyone's income, because it falls on the dividend income accruing to pensioners. People do not immediately see it that way, because that income is building up in their pension funds and PEPs.

The changes that have been made affect 10 million to 20 million people. In due course, the consequence of that tax burden will filter through to them in the form of higher contributions or lower pensions. Anyone whose pension fund was previously generating dividends worth £100 in a given period will now get only £80. People will have to increase their investment by 25 per cent. to get the same net income.

The effect on the value of the final pension is not quite as ferocious, because some of the final pension that people receive from their fund is repayment of their premiums, some of the growth might be capital gains and some of their investments might not be made in equities.

Taking those factors into account, the Association of Consulting Actuaries calculates that a 30-year-old person who was previously investing £100 a month will now need to invest £112 a month to achieve the same final pension as was previously expected. He or she will suffer a 12 per cent. penalty as a result of the Budget.

To most people it is self-evident that, if the Government extract several billion pounds a year from pension funds, those funds will sooner or later have to find several billion pounds a year more from their contributors or pay out smaller benefits. If the Government are £5 billion a year better off, it follows that the funds must be £5 billion a year worse off.

Astonishingly enough, the Government's response to that charge is complete denial. They claim that pension funds, pensioners and investments will not be harmed by the change. It was embarrassing enough watching the Chief Secretary to the Treasury on "Newsnight" being skewered by Kirsty Wark. He seemed unprepared for her simple question—how can the pension funds invest as much as before, if they have to pay £5 billion extra to the Government? However, the subsequent comments by the Financial Secretary to the Treasury in the House made the Chief Secretary look perfectly reasonable and thoroughly on top of his brief. She made the amazing claim:

"The measure is good for pensions and pensioners, not bad for them . . . People should understand that our tax reforms will benefit pension funds."—[*Official Report*, 3 July 1997; Vol. 297, c. 507.]

Anyone who believes that must also believe that water flows uphill—or, if one argues hard enough, that it will change direction and flow vertically. I challenge any Government Member to defend the Financial Secretary's statement that the reforms will benefit pension funds.

Mr. Gareth Thomas (Clwyd, West) *rose—*

Mr. Lilley: I shall give way to the hon. Gentleman if he intends to defend the Financial Secretary.

Mr. Thomas: On the question of tax burdens on pension funds—

Mr. Lilley: The hon. Gentleman refuses to defend the Financial Secretary—and I can understand why. I shall give way to him later. It is only fair that the Financial Secretary should receive some defence from the Government Benches.

Mr. Geraint Davies (Croydon, Central) *rose—*

Mr. Lilley: Will the hon. Gentleman defend the Financial Secretary's statement that the reforms will benefit pension funds? I shall give way if he will do so.

Mr. Davies: Does the right hon. Gentleman accept that the actuarial practices to which he referred that evaluate pension funds on the basis of dividend flows alone are quaint and eccentric? Growth prospects are employed in the evaluation of pension funds and minimum funding requirements, in terms of future values and so on, in other countries and for other financial products, such as unit trusts. The wider Budget package offers more investment in Britain and in British industry which, in the medium term, will be good for pensions, good for pension values and good for pensioners. So the right hon. Gentleman's claims are false.

Mr. Lilley: That effort should win the Mandelson prize for loyalty beyond the call of duty. The hon. Gentleman claims that actuaries base their practices on old-fashioned systems—such as the laws of arithmetic. If we subtract £5 billion from a fund, there is £5 billion less: that is old-fashioned arithmetic. I agree that it is out of date and does not accord with new Labour thinking, but that is how it has been done until now.

When we study *Hansard*, perhaps we shall realise that the hon. Gentleman's remarks contained kernels of wisdom and that somehow the pension funds will not suffer because, according to new actuarial analysis, everything will be all right. Therefore, I invite him to address another question that the Financial Secretary could not answer. If pension funds will not be hurt by the measure, why is it necessary to protect charities and personal equity plans from its damaging effects?

Mr. Davies: It is very kind of the right hon. Gentleman to ask me these questions—I did not realise that I was giving the speech. As I have knowledge in this area, I shall respond. My point is that there is no congruence between money not given in dividend flow and the eventual impact on pension value, because we have not taken into account the impact on equity growth due to the wider economic environment that the Budget creates. The Government have excluded charities not in order to neutralise the effects, but in order to give them the extra benefit that they deserve so much.

Mr. Lilley: Roughly interpreted, that means that funds will grow faster if we take away £5 billion—so imagine how fast they will grow if we take away £10 billion.

Mr. John Greenway (Ryedale): Is not the real point rather different? The measure will drive pension fund

[Mr. John Greenway]

investment managers away from investing in equities to investing in gilts. As a consequence, the gilts yield will be reduced, as will fund values. It is a question not just of the £5 billion, but of the effect that the measure will have on the financial markets, which will reduce yield.

Mr. Lilley: I am sure that my hon. Friend, who is an expert in such matters, is correct. It is part of the law that I adumbrated in response to the Budget: the further removed the tax charge is from the taxpayer, the more damage it does as it works its way through the economy. My hon. Friend has given an example of that damage.

As well as simply denying that taking money out of pension funds has any adverse effect, the Government's second defence is that many of the funds are in surplus. The simple fact is that no personal pension funds or money purchase funds are in surplus. By definition, there is no such thing as a surplus for those schemes. The impact of higher taxes will feed straight through to them. The changes will affect some £170 billion of such funds and 6 million people, particularly the self-employed who have been building up such a fund over a long period, all of whom will have to pay in higher contributions in future or receive smaller pensions.

Before the end of the debate, I should like to hear from the Government whether they agree with the Association of Consulting Actuaries that, for a 30-year-old paying in £100 a week, 12 per cent. extra is required to achieve the same pension that he had anticipated. Has the Treasury come up with any of the answers to the questions that I asked last Thursday? The Chief Secretary is present. I do not know whether he is here to listen. Perhaps I may briefly interrupt his conversation. Will he pay attention for a moment? Last Thursday, I asked him a series of questions during the Budget debate. He failed to answer them. We have given him extra time from our own. May we have an answer to those questions today?

I remind the Chief Secretary what the questions were. By how much will the contracting-out rebate have to be raised to prevent people being best advised to contract into SERPS again? How much will that increase cost the Exchequer? Was that cost included in the calculations in the Red Book and netted off against the £5.4 billion revenues, which will, allegedly, be raised by the tax? If there is to be no increase in the rebate, how many people who contribute to personal pensions will be best advised to opt back into SERPS, and how much will that cost in the long term? Will the Government advise those 6 million people of the impact that their tax changes are having on pensions that they have already taken out? Will not the Government be guilty of misselling if they fail to do so?

I now deal with the point about private firms misselling pensions, an act that I utterly deplore. I entirely support and endorse the measures that were taken by the former Economic Secretary, Angela Knight, and her successor, who was here until a moment ago, in trying to speed up the resolution of the problem. Past misselling by private individuals cannot justify future misselling by the state. The measure that the Government are introducing will have the effect of slowing down the resolution of the misselling. Both the Association of British Insurers and the National Association of Pension Funds have agreed that it will add further months of delay to the process of calculating and sorting out past misselling, because all the calculations will have to be redone, to take into account the impact that the measure will have on the costs of reimbursing people.

If the Government believe what they say, they believe that there is no impact, so there is no change in the calculations, so they can order the companies to go ahead and give compensation at the lower level that they had intended and not at the higher level that they now believe is necessary as a result of the tax changes.

Ms Sally Keeble (Northampton, North) *rose—*

Mr. Lilley: I give way to the hon. Lady. We shall see whether she wants a higher or a lower level of compensation.

Ms Keeble: The right hon. Gentleman made a point about the advice that the Government might provide to pensioners, but could it could be any worse than the advice that the previous Government provided? In the advertisements, they said:

"Is the pension you're going to get the one you'd choose?"

and

"The right pension for you is now yours by right".

Or how about this one?

"The old pension rules made moving around a wee bit tricky".

Rather a lot of people who took out private pensions will find that that advice was not very good. The right hon. Gentleman also mentioned that many pensioners did not vote Labour, but one place where they did was in Enfield, Southgate, which was the constituency of his former colleague who was responsible for those advertisements, Michael Portillo.

Mr. Lilley: If the hon. Lady is merely making a debating point, we can move on. If she is making a serious—*[Interruption.]* Well, a petty-minded debating point. If, as I judge, however, she is making a serious point, she will deplore any future misselling as she deplored any that occurred 10 years ago. Surely two wrongs do not make a right. If she thinks that what occurred 10 years ago was wrong, how does she think that it is correct for the Government to make changes without acknowledging their impact on the 6 million who already have personal pensions? That is, unless she is a Labour Member who thinks that her party can do no wrong.

The effect of the tax changes on personal pensions and other money purchase schemes is indisputable. It is true, however, as the Government have said, that many defined benefit occupational schemes are in surplus. To suggest that taking money out of such schemes, which happen to be in surplus, is harmless, let alone beneficial as the Financial Secretary says, is what might be called the classic Robert Maxwell defence. After all, Robert Maxwell made a habit, quite openly, before he moved on to straight theft, of stripping out surpluses from pension funds.

Mr. Caplin: When was that?

Mr. Lilley: It was when the Economic Secretary was working for him. It was when Alastair Campbell was working for him. It was when Lord Donoughue, now a

Minister, was working for him. That is when it was. It was all out in public. They were his henchman, apologist and fearless reporter, but not necessarily in that order.

It is perhaps not surprising that a Government composed of Robert Maxwell's cronies should resort to his old excuses. I do not believe in guilt by association, however, and I would have expected them to be rather uncomfortable to find themselves in a Government who are doing on a huge scale what their old employer did rather more modestly. But perhaps they believe that surpluses do not belong to the pensioners. If they do, they should acquaint themselves with the view of the right hon. Member for Glasgow, Anniesland (Mr. Dewar), the Secretary of State for Scotland, who thinks otherwise.

We had long debates on pensions surpluses during consideration of the Pensions Bill in Committee in 1995. The right hon. Member for Anniesland, who then represented Garscadden, said:

"I do not accept that simplistic argument"—

that the surplus belongs to the employer.

"Most pension schemes are contributory because, if the surplus has evolved from real-term growth of assets over a period of time, a contribution to those assets has been made by the employees . . . morally and logically . . . those employees should benefit from and have a stake in any surplus."—[*Official Report, Standing Committee D*, 18 May 1995; c. 255.]

So surpluses should not be taken away by Governments any more than, in the right hon. Gentleman's view, they should be taken away by employers.

Liz Blackman (Erewash): Will the right hon. Gentleman explain to the House why half the major pension schemes took tax holidays by reducing either partially or fully their contributions?

Mr. Lilley: That was because of the splendid performance of industry, companies' profits and the stock market over the past 18 years under Conservative Governments. Many pension funds have found that their investments have grown more rapidly than they anticipated. They therefore built up a surplus. They had the opportunity either to take a contribution holiday or to increase benefits for their employees. A mixture of those two options has been put into effect by different schemes.

Mr. Geraint Davies *rose—*

Mr. Lilley: The hon. Gentleman has been given enough rope to hang himself on two previous occasions. I think that I would be cruel to give way to him again, and I do not propose to do so.

Mr. Butterfill: Will my right hon. Friend give way?

Mr. Lilley: On the application of the rule of frequency but not of hanging, perhaps I should not give way to my hon. Friend unless he insists.

Mr. Butterfill: I should be grateful.

Mr. Lilley: Very well.

Mr. Butterfill: Is it not true that even funds that are in surplus—for example, the Sainsbury fund, which has a £230 million surplus in its pension fund—calculate that the effect of the Government's proposed changes will be to turn their surpluses into deficits? Sainsbury calculates that it will face a deficit of £30 million and that it will have to double its contributions as a result.

Mr. Lilley: That is absolutely true. As a result of the change to the tax treatment of pensions, many companies that were previously in surplus no longer will be. Actuaries estimate that, on the new calculations, almost half the new funds are no longer in surplus, and many more will cease to be in surplus. Moreover, when the contribution holidays end for either employers or employees, depending on the arrangements, the jump will be all the greater, because the level of contribution will not go back to what it was beforehand, but will reach the higher level now needed to fund the taxed provision in the future.

Many funds do not have satisfactory surpluses, and many local authorities are well aware that pension provision for their employees is not in surplus. The Association of Consulting Actuaries has calculated that an extra charge of £12 per head on council tax throughout the country will be required merely to fund the higher cost of pension provision for local government employees. Alternatively, there will have to be cuts in services throughout the country. We expect the Chief Secretary to tell us how he intends to finance that or to manage the cuts.

One of the changes that we made in the Pensions Act 1995 was to introduce a minimum funding requirement. Currently, if a company is underfunded or is dangerously close to its minimum funding requirement, it has to inject substantial extra money. Following the previous tax changes affecting advance corporation tax, BT had to put an extra £1 billion into its fund. Many other funds may be putting in large sums now, and those initial injections attract tax relief. Companies will pay less in the years in which they pay in lump sums, and that will reduce the revenue to the Treasury in the early years. Has the Treasury taken account of that phenomenon in its calculation of the impact of the tax changes, or is it hoping that there will not be any such injections into pension funds that have become underfunded as a result of the Government's measures?

The third line of argument that the Government deploy to explain the impossible assertion that their measures will not affect pensioners, pension funds or the level of investment is worth savouring. They claim that the combined effect of reducing corporation tax and increasing tax on dividend distributions will encourage sufficient extra investment to produce extra income to make good the £5 billion tax charge. Even Robert Maxwell did not rely on that excuse, although, had he survived to come before the courts, I can imagine him saying, "Well, your honour, I was just doing it to encourage investment."

Arithmetically, such a scheme could work only if large sums in dividends were withheld and that was offset by an above-average return on those dividends. That is extremely unlikely, but, if large sums were withheld, tax revenues would fall correspondingly. It is clear that the Government do not expect that to happen, because they have not allowed for it in the Red Book.

It is equally unlikely that the investments that companies would make as a result of retaining more of their profits would be more profitable than the

[Mr. Lilley]

investments that they were making anyway. It is unlikely that they previously invested in less good investment opportunities and held in reserve high-yielding investments just in case the Government forced them to invest in them; but that is necessary for the Government's theory to be correct.

What is bad about this process is that it encourages investment abroad, and to the extent that it encourages retentions, it encourages money to stay where there are less good investment opportunities, so that it is not recycled by the capital markets into small, growing, new, cash-strapped companies. The money stays with cash-rich companies that do not need it, and does not get to the cash-poor ones that do.

I am not always 100 per cent. in agreement with my right hon. Friend the Member for Old Bexley and Sidcup (Sir E. Heath), but when he introduced his system, he described the old one that it replaced, to which the Government want to revert, as the survival of the fattest. This scheme encourages money to stay where it is least needed. I know of no reputable economist who believes in the Government's assertion that the scheme will be capable of generating such extra economic and profit growth as to be self-financing over any period, let alone over the period of a Government.

The changes that the Government are introducing have vast ramifications, not only for pension funds and pensioners but for company taxation as a whole. In opposition, the Labour party called for a bipartisan approach to both company and pension taxation. With regard to pension taxation, Labour said in its last Opposition document:

"A pensions framework which changes with the government of the day will never give people the confidence they need to plan for retirement."

Yet within weeks of its arrival in government, Labour has changed the pensions framework, legislating in haste.

Changes of such magnitude need careful consideration, wide consultation and thorough debate. We set an example with basic pension plus, which was given thorough consideration before we published our proposals. We then said that there would be a Green Paper, in whose drafting expert groups would be involved, followed by a long legislative and consultative process enabling everyone to contribute, to ensure that the policy would be implemented to the best possible standard. In contrast, the measures in the Budget were prepared in great haste, in just eight weeks. We know that the Government cannot have been preparing them before the election; if they had been, I am sure that they would have told us, but they said that they had no such plans.

The Minister for Welfare Reform (Mr. Frank Field): How long did the right hon. Gentleman spend considering basic pension plus?

Mr. Lilley: About a year.

Mr. Field: So the right hon. Gentleman was thinking about it in secret for a year?

Mr. Lilley: Yes. I am sorry not to speak through you, Mr. Deputy Speaker. I can tell the Government that I thought out my proposals in great detail for a year, and then published them. I sought consultation before there was even a Green Paper, which was due to appear next, followed by a legislative proposal. The present Government have given their proposals no proper internal consideration, have arranged no proper external consultation, and are planning to truncate parliamentary deliberation to such an extent that it is an insult both to Parliament and to outside interests that have a right to have their say on these measures.

I urge Ministers to withdraw the proposals as they stand. I urge them to return with proposals in the form of a Green Paper, to seek wider consultation and to allow parliamentary deliberation over an extended period. We shall then give their proposals positive consideration and see what aspects we can possibly support. As long as the Government proceed with their present cack-handed, ill-thought-out approach, however, we shall feel obliged to oppose their proposals root and branch and to defend the interests of pensions, pension funds and long-term investment in this country.

I urge my hon. Friends to support the motion.

5.7 pm

The Chief Secretary to the Treasury (Mr. Alistair Darling): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"condemns the failure of the last Government to foster security in retirement for either today's pensioners or pensioners of the future; supports the present Government's objective of a decent income for all in retirement; believes that the best way to achieve this is by developing second pensions building on the foundation of the basic state pension; commends the Government's decisive action on the past mis-selling of private pensions; endorses the measures taken in the Budget, particularly the reforms to corporation tax, which will help to create a climate encouraging higher investment and a higher sustainable growth rate increasing the capacity of the economy to support decent pensions; supports the Government's welfare-to-work proposals, which will improve the employment opportunities for thousands of people, enabling them to save for their own retirement; and welcomes the Government's commitment to review pensions and achieve security in retirement for all."

I shall deal in turn with each point of substance raised by the right hon. Member for Hitchin and Harpenden (Mr. Lilley).

The motion mentions misselling. The right hon. Gentleman said at numerous points during his speech that he would come to the subject of the misselling of pensions that took place, to a large extent, while the last Government were in power, but unfortunately he did not get around to addressing that central point. Rather like his right hon. Friend the Member for Cities of London and Westminster (Mr. Brooke)—who is here now, and who said the other night that the business of pensions misselling was something of a "hare in another field"—the shadow Chancellor ignored the fact that misselling is a running sore which, sadly, has yet to be cleared up.

Mr. Peter Brooke (Cities of London and Westminster): I hope that the Chief Secretary will accept that the point that I sought to make was that his intervention on misselling was not a defence of what the Government were doing, although I acknowledge that it was a fair debating point.

Mr. Darling: I shall return to Government policy, but first I should like to deal with misselling, especially as the Opposition have referred to it in their motion.

That reference demonstrates the Tory party's brass neck because, over the 10 years between the start of misselling and the time that they left office, they did little to sort out the problem.

It is ironic that, on the day my hon. Friend the Economic Secretary to the Treasury publishes a further list showing what little progress has been made by many pension companies to solve the problem, the Opposition should choose to use the term "misselling". Many of the 700,000 people who were affected will wonder why the Conservatives, who were in power for so long, did nothing to prevent the problem in the first place and, when it arose, did little to resolve it. It was not until a few weeks before the election that there was the slightest flicker of interest in the Conservative Government in clearing up the problem.

It was obvious to us on taking office that the Conservative Government had done precious little to put pressure on the companies that were guilty of misselling. I wonder why. Perhaps the Opposition could do with a lesson in history. Let us look at Conservative Government policy in the late 1980s. Their hostility to public provision is well documented, and it extended to the public provision of pensions. Their policy was designed to get people out of occupational pensions and into private schemes.

My hon. Friend the Member for Northampton, North (Ms Keeble) drew attention to advertisements—which, I may say, were paid for by the public—which the Government promoted not just in text but on television. They wanted people to believe that the very act of going private was spiritually and materially enriching. People were persuaded that, if they took out a private pension, they would be better off, almost by definition. It is interesting to recall the name of the junior Social Security Minister at the time that policy was promoted—it was the shadow Chancellor. The other Minister, although perhaps now it is a matter of historical interest, was the man who was Prime Minister for some six years.

Mr. Lilley: That is not true. I was never a junior Social Security Minister. I was only ever Secretary of State.

Mr. Darling: It has nothing to do with the right hon. Gentleman. Is that not typical of the Conservative party?

Mr. Lilley: On a point of information, Mr. Deputy Speaker. Is it not customary for someone who makes a false accusation to apologise rather than, after recognising that the person accused is not guilty, letting it be a matter for further derigration?

Mr. Deputy Speaker: That is purely a matter for debate.

Mr. Darling: A former Minister complains that he has been falsely accused of being a Minister. I can understand why he feels guilty about that. If he thinks that it is an insult to say that he was a junior Social Security Minister, of course I am sorry for insulting him. I did not realise that it was insulting to say that someone was a member of a Government.

Mr. Tim Boswell (Daventry): My right hon. Friend was a junior Minister in the Treasury at that time.

Mr. Darling: He cannot deny that he was a member of the Government when these problems arose, or is that an insult, too? Is it insulting to say that someone was a member of the Conservative Government? It may be; I do not know.

The Conservative Government created the climate in which it was possible for unscrupulous salesmen to go into communities, especially former mining communities, and persuade people to leave their occupational schemes and enter private ones that were wholly unsuitable. People who should never have been allowed to sell pensions were let loose among some extremely vulnerable people and, sadly, the managements of some companies turned a blind eye to the problem.

When we add to that the problem of lax regulation—Tory self-regulation—and the far too many vested interests that were quite happy to turn a blind eye to what was happening, it is not surprising that many people were wrongly sold personal private pensions. The Conservative Government were culpable, collectively and in some cases as individuals, because, during all the time they were in power, they did nothing about that.

It is to the credit of Sir Andrew Large, the outgoing chairman of the Securities and Investments Board, that he brought the matter to public attention in the early 1990s. His battle, along with other regulators, was fought largely by the regulators on their own, without help from the Government, in the new climate that began to prevail in the past three or four years. Despite the misselling over the past 10 years, little progress has been made. My hon. Friend the Economic Secretary today published a report showing a lamentable lack of progress by the 24 firms that have most cases to review. Of course, there are others.

Mr. Geraint Davies: In many cases, the commission charged on pensions was 25 per cent. That is more than the 20 per cent. tax credit about which the Opposition complain. They complain about the withdrawal of the tax credit, which is good for the public Exchequer. Will they condemn the massive commissions that were paid to people who missold thousands of personal pensions?

Mr. Darling: For a long time, I have said that the regulator should look at the impact of commission on selling. It can put undue pressure on people who sell pensions, and that can have unfortunate consequences.

Mr. Campbell-Savours: I was a member of the Committee that examined the Financial Services Bill. Four years before the rows about misselling broke out, we moved amendments about the disclosure of commission and the hon. Member for Bournemouth, West (Mr. Butterfill), who was also a member of that Committee, and some people who have now left the House, opposed such disclosure. The public should know that, if our amendments had been accepted, the great misselling scandal of pensions in the 1980s might not have occurred, because people would have known that they were being ripped off.

Mr. Darling: My hon. Friend is right. If there had been the transparency that now exists, many of the problems that occurred in the late 1980s would have been avoided.

Mr. Butterfill *rose—*

Mr. Darling: The hon. Gentleman is desperate to intervene. According to the Register of Members'

[Mr. Darling]

Interests, he is well qualified to intervene on this matter. No doubt he will draw the attention of the House to that if he makes a speech.

Mr. Butterfill: The hon. Gentleman is right: I advise the Independent Financial Advisers Association and the British Insurance and Investment Brokers Association. However, that is not the point that I wish to make. Will the hon. Member for Workington (Mr. Campbell-Savours) reconsider what he said? I did not at any time oppose the disclosure of commission. In 1986, I opposed purely the disclosure of commission when it was often necessary to disclose all the other costs of direct selling companies. In many cases, such costs were much higher than those incurred by companies that employed independent financial advisers. I urged the Committee to legislate to disclose all the costs of all companies and not single out one area, as the hon. Gentleman wished to do.

Mr. Darling: It is interesting to note that Opposition Members, whether on the Front Bench or the Back Benches, are trying to disclaim all knowledge of what went on in the 1980s. I am intrigued that hon. Members such as the hon. Member for Bournemouth, West, who opposed the disclosure of commission, always said that such opposition was for the greater good and that many other things needed to be known as well. I would not have minded if they had argued at that time in favour of disclosing not just commission but all other factors in the make-up of the sale of a product. That is important.

Mr. Butterfill: Will the Minister give way?

Mr. Darling: The hon. Gentleman should contain himself. I may give way to him later. I was about to be nice to him, so perhaps he will sit patiently. In debates on the Finance Bill and in other debates, he can make helpful suggestions. In debates on a Bill on financial services, which we propose to introduce during this Parliament, I am sure that his comments will be helpful.

Mr. Butterfill: The right hon. Gentleman is completely distorting the facts and what I said. I urged the Committee to disclose all costs, including commission paid to salesmen, but it was the Labour party and the hon. Member for Workington who did not want all costs disclosed—the hon. Gentleman wanted only insurance salesmen's commission costs disclosed. It was precisely because I felt that all costs should be disclosed that I made a principled stand on the entire subject.

Mr. Darling: I can see now why the hon. Gentleman is retained at such generous rates. He clearly does his best for the industry.

Mrs. Teresa Gorman (Billericay): Will the right hon. Gentleman give way?

Mr. Darling: Perhaps I could deal with one point at a time; at some point, I should like to get on to the matters raised by the right hon. Member for Hitchin and Harpenden.

I was making the point that many people, including the hon. Member for Bournemouth, West (Mr. Butterfill), used to argue against disclosure of commission simply because they did not want that aspect disclosed. The House may remember that we are discussing this matter because my hon. Friend the Member for Croydon, Central (Mr. Davies) raised the impact of commission on the selling of financial products. I think that all of us agree that the regulators need to examine the matter. I am all in favour of giving incentives to sales forces to sell products, but we have to watch the impact of those incentives and their propensity for encouraging the misselling of pensions.

Mrs. Gorman: Is it not a fact that the people about whose plight the right hon. Gentleman is agonising, shedding some crocodile tears along the way of course, are the very people whose individual pension funds are to be raided by the Government—about 5 million of them? They are paying modest amounts of around £1,000 a year, and they will have to find another £100 to £150 a year to keep their savings intact—because of the depredations that the Government are about to inflict on them.

Mr. Darling: The answer is no.

The point that I was drawing to the attention of the House is that many people who were missold pensions have still not received the compensation that is due to them. I say this in response to the point that the right hon. Member for Hitchin and Harpenden made, at which the hon. Member for Billericay (Mrs. Gorman) may have been hinting. Frankly, I have little time for the argument that is now advanced by some pension companies that they could be making great progress, if only there had not been any change to the corporation tax regime. That might have been a statable case had they been making any progress, but many of them have not.

When hon. Members read the parliamentary answer of the Economic Secretary to the Treasury, which will now be published, of course, they will find that the progress has been lamentably slow. In nearly every company, the percentage of cases that has been dealt with is in single figures, and that cannot be satisfactory. I hope that the pension companies that follow these proceedings will understand that the public will not tolerate such lamentable progress, when so many people are awaiting redress and cannot understand why on earth there is a delay.

Mr. Oliver Letwin (West Dorset): Will the right hon. Gentleman give way?

Mr. Darling: In a moment.

We will continue to publish regularly companies' progress, or lack of progress, because we believe, unlike the Conservative party—presumably, if it had believed that openness was a good idea, it would have done something about it—that openness is essential. I should like to move on to some of the other points raised, but, as the hon. Gentleman seems desperate to intervene, let him do so.

Mr. Letwin: I was merely going to inquire whether, after some 15 minutes of eloquence, the right hon. Gentleman intends to move to the subject of the debate.

Mr. Darling: If the hon. Gentleman had sat quietly, I would have got to the points about which he asks some

30 seconds sooner. I have been asked questions and, as a member of the Government, I thought that it was my duty to answer them. Ministers are accountable to the House, and some important points have been made. The performance so far has been unacceptable, and I hope that the National Association of Pension Funds and the Association of British Insurers can find time, when they are not criticising the Government, to put some pressure on their members to resolve the matter.

The other step that the Government are taking, which the previous Government would not take, despite being pressed to do so, is substantially to reform the Financial Services Act 1986, to ensure that we have a proper regulation system, an end to self-regulation and regulation in the public interest, which will benefit both the industry and the public. We are committed to doing that, and legislation will be introduced during this Parliament, but Conservative Members, despite this debate, still cannot answer this question: why did they so nothing about the problem when they had all the time in the world to do so?

Let me deal with another point to which reference is made in the Opposition motion but to which, although I may be wrong about this, the right hon. Member for Hitchin and Harpenden, the Opposition spokesman, did not refer—the windfall tax. I am interested in this because, when the shadow Chief Secretary to the Treasury summed up for the Opposition at the end the Budget debate, he did not mention the windfall tax either. Over the past year or two, and certainly during the general election campaign, I got the impression that the Conservative party thought that the tax was so bad that it would form the centrepiece of its opposition to us in government, yet, in two major speeches, Opposition spokesmen did not mention the tax.

Mr. Bernard Jenkin (North Essex): Will the right hon. Gentleman give way?

Mr. Darling: Not just now. I do not want to be accused of taking up the valuable time of the House answering Conservative Members' questions.

It is interesting that, in the Opposition motion—never mind Conservative Members' speeches—the Conservatives are no longer defending the privatised utilities, and no wonder, because they have accepted the Budget proposals. I notice that their shares have increased since the Budget, which suggests that what we are doing is reasonable, but the new line from the Opposition is that the tax is an attack on pension funds.

I want to make a basic point. The reason we have implemented the windfall tax is to fund a programme to get people back into work, which will enable them to make a contribution for themselves and their families, to save for their retirement and to contribute towards their pensions, so the tax is a sensible step. The Government have raised a windfall tax that will get people into work. Instead of paying increased social security bills, about which the right hon. Member for Hitchin and Harpenden certainly knows something, we can give people the opportunity to contribute. The windfall tax is entirely justified for that reason, and is widely accepted to be so. Given the strength of feeling on the Conservative Benches over the past few years, I am surprised that the tax was not referred to, although it was in the Opposition motion.

One matter was mentioned: the allegation that there was an absence of consultation. The Opposition motion contains the words

"shoddy, hastily prepared and ill-thought-out".

I have heard those words before and not too long ago. I heard them in March when the then Government introduced basic pension plus, which I do not remember being introduced with much consultation. In fact, there was not even a statement in the House.

Mr. Jenkin: Will the right hon. Gentleman give way?

Mr. Darling: In one moment.

The right hon. Member for Hitchin and Harpenden, in a sotto voce exchange with the Minister for Welfare Reform, said that the proposal was prepared in secret. If that is true, the Conservative party is in no position to criticise us. I also caution the Conservative party about dressing up in new, ill-fitting clothes as the pensioners' friend. We have to remember what we are dealing with here. The Tories' record as the pensioners' friend does not bear close examination. If one considers the central plank of basic pension plus, one will remember that the tax changes that the then Government were going to make would have cost a person on average income with an occupational pension some £600 extra a year.

Mr. Jenkin: Will the right hon. Gentleman give way?

Mr. Darling: In one moment.

Talking about consultation and openness, I think that basic pension plus was the first pensions policy ever to be announced without a Government Actuary's report, which is unusual in relation to social security, so for the Conservative party to accuse us of doing something that was "ill-thought-out" and without consultation simply does not stand up.

Mr. Iain Duncan Smith (Chingford and Woodford Green): The right hon. Gentleman is busy comparing the Budget to proposals that preceded a Green Paper from the previous Government. Is he suggesting that this section of the Budget will be pushed out to a Green Paper? If he is not suggesting that, he should stop this ludicrous comparison.

Mr. Darling: I am simply drawing attention to the fact, that just before the election, the then Government—that is what they were, despite sometimes appearing not to be so—put forward major proposals for the reform of pensions. The then Prime Minister and Ministers—I hope that I am not being rude to Opposition Members by accusing them of being Ministers—all gave the impression that that was their policy and that that was what they intended to do. When we are discussing an Opposition motion, I am entitled to draw attention to the fact that they had a proposal that would have cost someone on an average income about £600 extra a year.

In addition, the previous Government could never say how their proposals were to be funded. At one point, over the next 20 to 30 years, the cost was rising to about £7 billion a year.

Mr. Bernard Jenkin *rose—*

Mr. Darling: I will give way in a moment.

[Mr. Darling]

It was not just we who criticised the Government or got the wrong idea about their policy—if that is what they are now telling us. Many newspapers were critical of it. The *Financial Times* said:

"look at the fine print and it is clear that the scheme will involve either higher borrowing or higher taxes for 45 years".

In *The Times*, Graham Searjeant said:

"Privatising the basic state pension . . . will raise the tax burden."

The Consumers Association pointed out:

"Young people will be paying for their own pension, to meet their retirement needs, but at the same time they will be paying for their parents' pension."

My point is that the Conservative Government put forward proposals just before the election which would have hammered pensioners. They cannot stand before us today and pretend somehow to be the pensioners' friend.

Mr. Jenkin: Basic pension plus would have given pensioners a better rate of return on their money than the present basic state pension. Will the right hon. Gentleman bear in mind the fact that we are spending time discussing his Budget proposals on advance corporation tax because the tax raised by that measure makes the windfall profit tax look rather modest by comparison? If we had followed the example that he has set with these proposals, we would have kept basic pension plus a secret until after the election.

Mr. Darling: Some of the hon. Gentleman's hon. Friends may have some sympathy with that point.

Before I turn to the central point raised by the shadow Chancellor, I want to talk about the pensions industry. Despite the fact that we are rightly critical of the performance of some of these companies in clearing up the misselling of pensions problem, it is sometimes easy to lose sight of the importance of the industry as an employer, a wealth creator and a service provider.

Mr. Letwin: Will the right hon. Gentleman give way?

Mr. Darling: Not just now.

It is the purpose of the Government to encourage people to save and invest and to make provision for themselves. We intend to create an economic climate where we have growth and investment that will create the wealth that will enable everyone to enjoy a higher standard of living now and in their retirement. The pensions industry plays an important part in that.

I want to return to our proposals on corporation tax—*[Interruption.]* Conservative Members are always complaining that we are being high-handed and are not responding to their questions; now they are complaining because I have been answering their questions.

I shall start with an important point. The shadow Chancellor said that when Norman Lamont introduced the changes in his Budget in 1993, it was simply a matter of bringing tax rates into line. I notice that the Opposition motion opens by saying:

"this House condemns the Government's assault on pension funds through the removal of tax relief on dividend income of pension funds in direct betrayal of their election pledges".

It reminded me that that accusation could more properly be applied to what happened in 1993. The shadow Chancellor told us that it was a matter of bringing tax rates into alignment, but I wonder whether he would refresh his memory and see what Norman Lamont said in his Budget speech. When talking about the reforms, Mr. Lamont said:

"they are central to the strategy of this Budget, and they raise significant amounts of revenue."

He went on to say that it would save the Exchequer

"no less than £1 billion a year."—[*Official Report*, 16 March 1993; Vol. 221, c. 185-86.]

At that time, the Conservative Government were not proposing to reduce the rates of corporation tax, but were simply taking that money into the Exchequer. We have to rely on the words of the then Chancellor, Norman Lamont, as I do not remember any Minister denying that that was the Government's intention. Therefore, the shadow Chancellor's assertion that all that was happening in 1993 was a minor adjustment to ensure that the rates were the same for corporation tax as for other taxes does not stand up.

Mr. Andrew Tyrie (Chichester): Will the right hon. Gentleman give way?

Mr. Darling: The hon. Gentleman was not a Minister at the time, but I think he knew something about it. I will give way, as long as he does not accuse me of taking too long.

Mr. Tyrie: Does the right hon. Gentleman have the end of the 1993 speech? He will find that the then Chancellor confirmed that the intention was to align all the rates at 20 per cent., that there was no intention to bring the rate to below 20 per cent. and certainly no intention ever to consider abolition.

Mr. Darling: The point is that the then Chancellor told the House in clear terms that the purpose of his adjustments in the taxation of dividends was to raise money for the Exchequer—£1 billion of it. *[Interruption.]* I am just about to come to another passage which Opposition Members might find illuminating.

Mr. Caplin: I was not in this place in 1993, but I wonder whether my right hon. Friend can refresh my memory as to whether anyone on the Treasury Front Bench at that time or the now shadow Chancellor criticised the then Chancellor for the tax change.

Mr. Darling: I believe that, at the time, there was great criticism among members of the Government, but it involved Europe rather than tax changes. Two of the Opposition Members on the Front Bench will recall that.

I shall press on in case Opposition Members are in any doubt about what their Government were doing. I know that they were not all on the Committee considering the Finance Bill in 1993, and they may not know what went

on. I thought that I would see whether the Government ever threw any more light on why they changed the taxation of dividends. The then Financial Secretary, the right hon. Member for Charnwood (Mr. Dorrell), told the Committee:

"We needed to raise revenue in a way that did least economic damage . . . my right hon. Friend decided that to collect extra revenue"

he would do so from pension funds

"from a group of people with taxable capacity, but who are not taxpayers, in a way that does minimum economic damage, recognising the substantial tax benefits available to pension funds as collective savings vehicles."

I wonder whether Opposition Members would like me to read that again. It tends to suggest that what the then Government were about was a raid on pension funds and that they were not proposing any other measures to compensate for that. *[Interruption.]* I see that the shadow Secretary of State for Social Security wants to intervene but is being held back by the shadow Chancellor, and no wonder.

Mr. Duncan Smith *rose—*

Mr. Darling: I will let the hon. Gentleman have his moment.

Mr. Duncan Smith: In line with his point about the taxation of dividends, I wonder whether the right hon Gentleman can explain what he said on 31 May 1996. He said:

"Britain lives in a global economy and the minute you even suggested taxing dividends people would go out and invest in other parts of the world."

The right hon. Gentleman has just agreed with his Chancellor that he has taxed dividends. How does he explain his volte face?

Mr. Darling: If I remember rightly, I believe that I was being asked about the taxation of investment income at a different rate. If the hon. Gentleman will allow me to see the article, I will be able to confirm that I made the remark in that context.

The argument from Conservative Members that they were simply aligning tax rates does not stand up. If all I could produce in evidence was the quotation from Mr. Norman Lamont, they might have got by, but the quotation from the Financial Secretary in the comparatively quiet waters of the Standing Committee must be borne in mind. I shall repeat it. He said:

"We needed to raise revenue in a way that did least economic damage."

He said that he was raising money from pension funds

"from a group of people with taxable capacity, but who are not taxpayers in a way that does minimum economic damage, recognising the substantial tax benefits available to pension funds as collective savings vehicles".—[*Official Report, Standing Committee A*, 15 June 1993; c. 377.]

It is worth bearing it in mind—although listening to the right hon. Gentleman, one would not have been aware of it—that pension funds have been paying tax since 1993. Our proposed changes will not alter the fact that pension funds will continue to be free of tax on income in the form of capital gains and ordinary shares, as well as on other sources of investment income. That has a net cost to the Exchequer, but one that we feel is justified.

It is wrong to suggest that what we are proposing is new. In fact, the Conservative party started the process. It is equally wrong to suggest that pension funds will be left without tax advantages.

Mr. Campbell-Savours *rose—*

Mr. Darling: I will give way, but I want to make some progress.

Mr. Campbell-Savours: Should not my right hon. Friend circulate to all Members a copy of the 1993 quote by Mr. Lamont? Many hon. Members would like to see it, and might wish to use it extensively in their constituencies.

Mr. Darling: I am happy to make arrangements to do that, subject, as always, to the public expenditure implications. I might even pay for it myself and send it to the National Association of Pension Funds and Mrs. Robinson.

I want to explain our proposals. We believe that it is necessary to reform the system of tax credits because it contains a major distortion, under which shareholders are better off if companies pay out profits as dividends than if they retain them for reinvestment. It is right in principle to remove that distortion. The principle that underpins our changes to the corporation tax system is absolutely right. It is for the management of companies and the shareholders to make the decisions, not for the tax system to provide an inbuilt bias.

In the United States, where a similar system exists, pension funds take decisions on their economic merits. An important point to note is that they are as keen on the capital appreciation that then results as they are on dividends. Greater emphasis on capital growth is important. It will help companies and offer them high, long-term growth. It will ensure that they are not starved of capital by the tax system. Indeed, the importance of capital growth is something on which actuaries and others in this country might want to reflect further.

I was pleased to note that, after the Budget, the *Daily Telegraph*—which I do not think is yet converted to the cause of new Labour; it certainly was not during the election, but it may be about to turn—said in its business section:

"The quality of life in retirement . . . depends on the growth in the economy, reflected in the prices of shares where the contributor's money is invested. This is the point of the Brown Budget that the pension funds would do well to grasp."

That is absolutely right. I want to emphasise that the reason we have taken this decision is right in principle. I wait to hear whether the Conservative party would repeal it were that party ever to return to power.

The American experience is worth bearing in mind. The central thrust of the Budget is to create a climate in which the level of investment is raised. It is important to keep our eyes on that fact. Currently, the level of investment is lower than it should be at this stage of the economic cycle.

I was interested in the speech delivered by Sir David Cooksey a few days ago, when he looked at some emerging US companies in 1975 and compared their

[Mr. Darling]

position then with their current position. He noted that they had expanded dramatically, which is a common feature of the American economy. He said:

"It is also notable that very few of those companies pay dividends to their shareholders who prefer to benefit from growth in capital value as the companies reinvest all of their profits in the business."

He said that that contained a lesson which we should learn.

The value of a pension depends, to a large extent, on the value of the fund available when someone retires. Someone retiring at the height of the recession would have done less well than someone retiring now because the value of the stock market has increased; indeed, it has increased quite a bit since we came to power. It is important that those who follow these proceedings bear in mind the fact that, at the end of the day, the value of a pension depends largely on the prospects for the economy.

I very much hope that when actuaries assess the results of our decisions, they will remember that capital growth is an important matter to take into account. When considering our proposals, they should remember that the well-being of the economy as a whole is the most important feature. Not only have we reduced corporation tax for large and small companies, but we have doubled capital allowances.

Our goal is a long-term one—to improve this country's investment performance. For many years, our performance has lagged behind that of our major competitors, and continues to do so despite the current recovery. That may be because, in the past, there was so much concentration on the short term. Investment for the long term and for better growth will greatly benefit companies and, therefore, pension funds, which will gain in the long term. Many of those who have commented on the impact of the corporation tax changes have ignored the long term. Indeed, that is far too common a tendency in Britain. The long term is the central point of the Government's economic strategy.

Actuaries, who often value shares largely on the basis of prospective income and take relatively little account of market values, should begin to think long and hard about what they have been doing. They have tended to inflate the effect of the loss of tax credits. Over the past few weeks, there has been much comment in the press about that. Actuaries should change their approach. In the United States, actuaries pay much more regard to market values. That is beginning to happen with some funds in this country, but it is necessary for both pension schemes and actuaries to sit down and take a long, hard look at the real effect of the loss of tax credits and to understand the Government's strategy in the long term.

Sir Nicholas Lyell *rose—*

Mr. Darling: I will not give way, because I have been speaking for too long already. We have had four days' debate on the Budget. We are now having an Opposition day, which is substantially on the Budget. Tomorrow, there will be Second Reading of the Finance Bill, and there are further days of debate in the House next week. No one could say that we are curtailing debate on these matters.

Mr. Lilley: This is an Opposition day.

Mr. Darling: It is an Opposition day, and I am replying to the right hon. Gentleman's points.

The steps that the Government are taking will stand this country and its economy in good stead in the years to come. For the first time in many years, Britain has a Government who are looking to the long term and who will create an environment in which there is growth and investment. That will be good not only for companies and pension funds but for all the people of this country.

5.47 pm

Mr. Archy Kirkwood (Roxburgh and Berwickshire): I am pleased that we are having this debate today. The Chief Secretary was right to say that a great deal of time has been made available, but the issues are extremely important. When I spoke in Friday's debate I expressed my support for the Government's overall strategy, particularly the welfare-to-work proposals. In a continuation of that spirit, I readily acknowledge that the Government are showing proper levels of ambition and determination in the fight against poverty.

I share the view that improving access to employment is the only way to beat dependency and hardship. I repeat my offer of support for the Government's efforts to help the left-out millions get back into the mainstream of society. Anyone who argues against the objectives of the welfare-to-work programme is politically blind, deaf and dumb to the circumstances in this country.

Having said that, there are grounds for strong opposition to the way the Government intend to finance their plans. I am pleased that the Opposition tabled this motion today because it is right to focus on that. How the Government spend the money is one matter but, as this important debate shows, how they intend to raise it is another. I want to concentrate on the latter.

There are, of course, two sources of finance in the Government's programme, and we Liberal Democrats find them both difficult to stomach, primarily because of the heavy penalty that we believe they will impose, both now and in the future, on Britain's pensioners. The first tax is the windfall tax. I share the Chief Secretary's surprise that, both in today's debate and in the debates on the Budget, the official Opposition did not concentrate more on that. The second tax will be raised through abolition of the dividend tax credits reclaimed by pension funds.

Although both sources of funds are distinct taxes, they have been introduced for the same reason and share a common provenance: the Government's almost obsessional timidity over taxation and the revenue raising conundrum that such timidity has inevitably caused. If one cannot use the fairest, most transparent and most progressive tax—which is income tax—one simply must look elsewhere. Unfortunately for British savers and pensioners, the Chancellor has turned his gaze on them.

It is difficult to overstate the importance of the taxation straitjacket that the Government are in. As I said in last Friday's debate, the United Kingdom is faced with a

situation in which the Government have become a prisoner of their own pre-election rhetoric. They cling to the vote-winning line: "We can have gain without pain; we can raise billions of pounds without anyone having to pay; and we can magically solve the problems of chronic underinvestment in education and institutionalised unemployment with a few tax increases that are so opaque and complicated that they seem to be entirely cost free."

Such a proposition is nonsense, and the Budget exposes it as such. There is simply no such thing as a tax for which no one must pay—a fact that encompasses both the windfall tax and the withdrawal of dividend tax credits. Together, those taxes constitute nothing less than a smash-and-grab raid on British pensions.

It is now reasonably well documented that the windfall tax is hitting not only the so-called fat cats—I understand Ministers' emotional reaction to their having secured unconscionable and unjustifiable increases in emoluments—in the privatised utilities, but employees or customers or future investment in those industries. In some industries, all three—employees, customers and future investment—are affected.

An equally valid argument is that it is simply not possible to take £5 billion out of the corporate sector without hurting the millions of people whose savings and future incomes are tied up in those utilities. The Government have adopted an unconscionable position on the matter. The tax will have an impact on the millions of individuals who own shares—many of whom arrived on the scene a considerable time after the windfall was gained. It may also impact on institutional investors, such as pension funds, which hold in their hands the future incomes of 19 million people with occupational or personal pensions. In years to come, those people will pay the indirect and hidden, but very considerable, costs of the windfall tax.

The Chief Secretary tried to argue that the windfall tax poses no problems because the welfare-to-work programme will work—hopefully, it will—and enable those entering employment to make proper provision for their pensions. If the tax's objective was to raise money to start such a beneficial cycle, however, why do not Ministers openly raise the money by increasing income tax? If the tax will start such a beneficial cycle from which everyone will gain, why do not Ministers go to the electorate and say, "The most honest way to raise the money to start such a cycle is through income tax?"

Mr. Darling: We went to the electorate and told them that we would introduce a windfall tax. Surely the hon. Gentleman will accept—I know that the Tories do not—that those companies were very rich in cash because they were sold at knockdown values. Privately, even some of those companies will admit that.

Mr. Kirkwood: For a variety of reasons, some of which I have adverted to, it is rough justice. I simply do not accept that attacking the utilities was fairer than going to the electorate and arguing honestly the reasons for raising the money. If the Chief Secretary is right—I hope that he is—that the aim is to create a virtuous cycle from which people will benefit, income tax increases would generate such a virtuous cycle in a manner that is much fairer and more progressive and transparent than the Government's windfall proposals.

I accept and do not complain that the proposals were in Labour's manifesto. The Government were absolutely open and honest about the tax and they deserve credit for it, but their openness and honesty do not persuade me that the tax is right. We have a clear difference of opinion on that.

Sir Robert Smith (West Aberdeenshire and Kincardine): Would there not be another benefit if the Government had grasped the nettle and raised income tax? If they had, perhaps the Bank of England might not currently be under such pressure to raise interest rates, doing greater damage to the economy and to potential investment.

Mr. Kirkwood: In future, I think that the Government will regret all those indirect and untoward effects. There is an honest difference of opinion between the Ministers and the Liberal Democrats, which I accept.

The Chief Secretary tried to justify the Government's position on withdrawal of dividend tax credits by saying that he wants to discourage companies from paying dividends rather than reinvesting profits. I understand that, and believe that he could have mounted a taxation argument to justify the Government's decision to move in that direction, but I do not think that the way in which the Government withdrew the credits, the short time frame over which they did so or the amount of money that will be raised, enable Ministers to found a sound argument.

If Ministers had said to the House, "We are going to do this. We will have proper consultation and, over time, we will move in that direction," we would have been willing to listen. However, grabbing £5 billion overnight, as the Government have done, might damage the trust that the Chief Secretary and the Government will require if they are to reform pensions in the United Kingdom. They will need that trust in future to work with pension funds. It was a bit thin for him to say that pension funds are flush with cash and that the withdrawal is a mere bagatelle meant to refine the taxation system. I was not persuaded by that section of his speech.

I have also re-read the Chancellor's exposition in which he tried to explain why he withdrew the credits. I was not convinced before, and I remain deeply sceptical of the Government's position. The same types of people, such as pensioners, will be hit by withdrawal of dividend tax credits as will be hit by the windfall tax. I think that withdrawal is another measure suggesting that the Chancellor is determined to avoid deployment of transparent, fair and income-related taxation, concentrating instead on complicated measures that might initially seem to be company taxes but which, in time, will be shown to have a huge negative impact on individuals' savings.

The broad impact of depriving pension funds of £3.5 billion per annum will require each of the 19 million members of active pension schemes to contribute an extra £190 per annum simply to maintain the same growth level. That situation is deeply worrying.

Mr. Andrew Rowe (Faversham and Mid-Kent): Ministers have said that one of their intentions is to try to move from the short term to the long term. Is it not most likely that someone who sees the flow of dividends from

[Mr. Andrew Rowe]

their pension fund drying up will spend their money rather than invest it in a pension scheme that has been shown to be not at all safe?

Mr. Kirkwood: I agree that that is another indirect effect. I agree also with the Chief Secretary's view that we should consider such matters on a much more long-term basis. I will support any earnest attempts by the Government to achieve such a shift in emphasis. The hon. Member for Faversham and Mid–Kent (Mr. Rowe) is absolutely right: withdrawal of credits will not only have the effect that he mentioned but will undoubtedly cause other untoward and unforeseeable changes in people's behaviour.

I have two questions for Ministers, which perhaps the Financial Secretary to the Treasury will deal with in her reply. Is any work being done by Ministers to consider whether the rebate awarded to those who have opted out of the state earnings-related pension scheme will be upgraded to deal with the shortfall? There is a perfectly good case for that being so. If we do not do something along those lines, people may be tempted back into the state scheme, and that would not be sensible. It is an important question, which may well determine whether we support the Opposition motion. I am inclined to do so, but, if I had a positive answer from the Government on this point, I might be tempted to vote for them and increase the congestion in the Government Lobby.

The second question is equally important but slightly different, in that it refers to the impact of the proposals on local authorities. If the Government are to proceed as they have said, to be fair they will have to provide some compensation for local government settlements. The effect of the proposals on local government pension funds will be pretty dramatic and, in some cases, very dramatic.

It will cost my authority upwards of £1 million; that is an employer's contribution of nearly 3 per cent. of payroll, and will come out of capped expenditure in a local authority with a relatively small amount of money to play with in the first place. If the Government are to be fair in introducing a change of this magnitude, the position of local authorities must be dealt with in some way. Even an undertaking to consider the matter at some stage in the future would encourage me to think that the Government were being more responsible about these changes than appears superficially to be the case.

The fact that the official Treasury line seems to be that pension funds will be substantially insulated from the changes because they are "in surplus" worries me, because it assumes four things. First, that the existence of a surplus necessarily justifies a Treasury raid, despite the fact that the surplus belongs to the fund members and companies that have over-contributed. Surpluses are not necessarily a bad thing; they can be quite a good thing, but it is up to the companies and members of the fund to decide what to do when there is a surplus.

Secondly, the assumption is that a surplus is permanent and cannot be reversed or lead eventually to a shortfall whereas, in fact, it could do so in some circumstances. Thirdly, more than half of the 19 million people with occupational or personal pensions are in money purchase schemes. For them, the concept of a surplus does not exist because their ultimate pensions are entirely dependent on the size of the fund on retirement. The Government have not taken proper account of that fact.

Finally, the Government seem to assume that no pension funds are in difficult financial circumstances or under financial pressure. The implication is that no one will be badly hit by the proposed changes. I think, however, that some could be badly, perhaps even fatally, hit.

It appears that the Government have made the political judgment that pension funds are a soft target. They are seeking to raise an amount of money which is very difficult to justify and in a way which we might all regret. It is not fair on the companies involved. The actuarial revaluations that will be required and the higher administration costs and so on will drive a wedge between the Government and the pensions industry. The industry believes that the change is indefensible. There has been little or no consultation, and the industry believes that there is no logic or justice in the proposals. I am worried that that will make it difficult for the Government to make progress in this important aspect of public policy in future.

If we consider the matter in the round, it seems that the changes are premature, ill thought out and unfair, but if the two principal questions that I have asked can be answered tonight, I shall be willing to think again. As things stand, however, the Opposition have the better of the argument in their motion about the source of the money and the way it is to be raised.

6.4 pm

Mr. Terry Rooney (Bradford, North): I congratulate the shadow Chancellor on initiating a debate on pensions, something that he singularly failed to do in his six years as Secretary of State for Social Security. It is nice to see him initiate a debate on such a vital issue.

When we consider pensions, we have to examine the history of occupational pensions, how they came about and their purpose. There is no doubt that the best type of pension scheme to be in is an occupational pension scheme on a final salary basis—

Mr. Greenway: And which is funded.

Mr. Rooney: Indeed—unlike that of the police, I have to say. That is the best scheme to be in, provided someone has a guarantee that they will remain in employment until retirement. Sadly, that is no longer the case for tens of millions of people.

Occupational pension schemes are a relatively modern phenomenon. They grew significantly in the 1950s and 1960s because there was a shortage of labour and such schemes were needed to entice people to work for particular companies and particular industries. There is nothing wrong with that, perhaps, but the decline in occupational pension schemes since the late 1960s and early 1970s in terms of their number and the number of members is significant and something that should worry us.

In the 1970s, there was some recognition of the fact that millions of people are not and can never be members of occupational pension schemes. They are principally women and carers, but they also include many people in low income brackets and people who have many breaks in their employment for many reasons. Recognition came in the form of the state earnings-related pension scheme. SERPS has to be recognised as a valuable, solid scheme for millions of people, but, at the same time, we have to

recognise that, during the changes that took place two or three years ago, billions of pounds were taken from the future pension entitlement of members of SERPS without an iota of whingeing from the Conservatives—it was okay, because it affected individuals in a state scheme.

We have heard much hypocrisy today, with talk about a briefing from the National Association of Pension Funds. I have to say that Anne Robinson told a different tale when she was at the Institute of Directors—perhaps it is a case of whoever pays the piper calls the tune. Millions of people will experience a dramatic reduction in their SERPS pension in years to come without an ounce of compassion being shown by the Conservatives.

Much has been said today, wisely, about the misselling of personal pensions, but an issue of financial mismanagement that affected tens of thousands of pensioners in the late 1980s and early 1990s—the infamous home income plans—has not been touched on. Not only did people lose a great deal financially, many pensioners lost their homes because a deregulated system with no statutory back-up allowed people to rip off those who did not know any better and had no access to the right advice. People lost their homes and their investment, and finished up far worse than they ever were before.

Many things affect the value of a pension fund, not least the investment decisions taken by fund managers, the profit record of the companies in which they invest—at this point, I should perhaps mention that the profits declined somewhat in the two recessions that occurred under the previous Government; in fact, they declined significantly—the contributions from employer and employee, and the sort of investments held, whether gilts, bonds or equities, at home and overseas.

It is interesting that, in 1990, the Nikkei index in Japan hit 34,000 and is now down to around 19,000. Is it suggested for one minute that the Government should compensate pension funds for investments in the Nikkei? I think not. The ability of pension fund managers is crucial. There are some very good ones, but many are very bad.

The performance league tables for pension fund managers show the same companies time and again in the top three or four, be it over five, 10 or 25 years, and the same outfits at the bottom, offering a miserable performance and depressing pension fund values, assets and returns. We have had charter marks for many years, but it is noticeable that there has never been one for the pension fund industry. If there had been, very few people would ever have earned one. We now have the minimum funding requirement, which is no bad thing, but perhaps we need a minimum performance requirement of pension fund managers, because some of them have been getting money under false pretences for far too long.

In general, if a company is a mutual or non-commission paying, the investment is safer and will do better. In addition, if the company's title includes the adjective "Scottish", it tends to be one of the better ones—and I do not say that just because of the identity of the Minister on the Front Bench tonight. Certain institutions have a long history of being sound, solid investment vehicles, but there are far too many who are doing nothing for pensioners or investors and they should be weeded out. The sooner we have a regulatory authority that acts against incompetence, the better off pensioners will be.

Before I came to the House, I had the privilege of being the chair of the investment board of what I believe is the largest local government scheme in the country—the West Yorkshire local government superannuation scheme, which had about £2.5 billion of assets. In the six years I was there, the fund grew, we were fairly successful in the investments we chose, and the benefit could be seen in the employers' contribution rate dropping from 11 per cent. to 5.5 per cent. for manual workers and to 4.5 per cent. for white collar workers. Those were significant gains.

At the same time, some of the previous Government's worst anti-public sector attitudes were on display in that, in the late 1980s, when bus companies were deregulated and local authority bus services went into the private sector, we were instructed that bus workers could no longer be members of the local government scheme. They had been in the scheme for years and had a good, well funded final salary scheme, with low employers' contributions. By diktat of the Government, new bus workers were told that they had to make their own pension arrangements, so immediately we had a two-tier pension scheme in the bus industry.

Of course, the Conservative Government were well known for having two-tier schemes throughout the public sector, so they probably thought nothing of it. Now, however, about two thirds of those working in the bus industry have a good scheme, but the other third are at the mercy of the sharks and charlatans about whom we have heard so much today.

The Government had other attitudes towards pension funds and their assets—one remembers their raid on the assets and surpluses of the National Coal Board, the National Bus Company's BEST scheme, British Rail and many others. Not only did they do that: they then spent Government money on behalf of the new trustees, defending them against claims that the money should be paid back. In short, they raided the money and then provided the costs of the legal defence to justify the decision being made in the first place. Many, many thousands of pensioners who worked in those industries will be far, far worse off as a result of that than of anything that might—I stress, might—emerge from the Budget decisions taken last week.

When considering pension values and the rights and living standards of pensioners, there are two sides to the equation. It is like any accounting practice—there is the income side and the expenditure side. We well remember the savage attacks on pensioners in the 1980s: the increase in prescription charges, the introduction of charges for eye tests and dental checks, value added tax on fuel and various other measures, all of which had a disproportionate effect on those on small occupational pensions. Some Conservative Members are looking aghast—they thought pensioners were exempt from those charges, but they must have been given the wrong brief.

Mr. John Hayes (South Holland and The Deepings): Would the hon. Gentleman care to enlighten us as to which pensioners pay prescription charges?

Mr. Rooney: Any pensioner who is not on income support. If the hon. Gentleman nips very quickly to the Library, he will see that I am right, and he might get back before I sit down.

So far, this has been an interesting debate, although there seems to have been an attack of collective amnesia among hon. Members on certain Benches. It is important

[Mr. Rooney]

to remember that pensions are a long-term equation and all sides need to be considered. We cannot simply allow the debate to continue as it started, with the words of the shadow Chancellor.

6.14 pm

Sir Nicholas Lyell (North–East Bedfordshire): I am glad to follow the hon. Member for Bradford, North (Mr. Rooney), not least because I listened to his speech with great interest for 10 minutes and noticed that it did not contain a single word of justification for what the Government have done in respect of pensions in the Budget—not a single word.

In the light of the Budget, people are rightly concerned about their pensions. The whole cast of this gravely mistaken Budget is wrong. In two short months, the Chancellor has allowed the living costs of the average mortgage payer to rise by about £12 a month, and has cut that individual's prospective pension—if he is around 30 years old and paying the modest enough sum of £100 a month—by some 20 per cent.

In order to provide equally for himself and his family in future retirement, that same citizen will have to increase his contributions by some £20 per month, if he can. That is a combined increase in mortgage and pension payments of £384 a year for a fairly modest earner, and the country should realise that.

That is profoundly wrong. The Government came into power purporting to set a high moral tone, yet they are willing to pretend that taxes can be raised painlessly by so-called windfalls; and, hoping that no one will understand the complexities of advance corporation tax, they have robbed future pensioners—pawning the future to pay for the present. I see that the Chief Secretary does not like to listen to this, and is about to depart the Chamber.

The £5 billion per annum taxes raised from the advance corporation tax changes to pension funds is the equivalent of an extra 3p in the pound on income tax, taken from people's savings. I mean people's savings, not "the people's money", which is how the Government like to refer to public money. We are talking about money taken from real people's savings every year, and millions of pensioners and probably as many as 20 million families will suffer as a result.

Britain can pride herself on having, over the past 18 years under the Conservative Government, increasingly funded pensions, so that, now, not only do we have the largest funded pensions in Europe, but our funding of pensions exceeds all others put together. We have put money by and saved it so that it can grow for the future.

With a constantly aging population, that is the only way to prevent our old people—that means ourselves in the years ahead—from becoming an intolerable burden on our children and grandchildren. At one greedy, misguided stroke, the Chancellor has severely limited that benign process. He has cut our savings and increased the need to save, but has cut the incentive to save. He is spending now what should be saved up for the future.

I am sorry that the Chief Secretary has left the Chamber, because, at the end of his speech, he tried to give some justification for what he had done by saying that the fact that companies would be taxed on the dividends they pay out would make them more likely to invest. I have never heard such a wafer-thin argument, which was rightly cut to ribbons by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley). The Chief Secretary had not thought of that argument when he was skewered on "Newsnight" the other night, and I suspect that it was dreamed up, either in the Treasury or the Department of Social Security, to provide some sort of fig leaf for this gravely mistaken policy.

We look forward to asking the Government some detailed questions. For example, how much of the money of companies that would have paid dividends is to go into investment, and therefore by how much has the £5 billion tax take been reduced to allow for the increased investment that is to give rise to the compensating bonanza, which was the substance of the Chief Secretary's argument? I do not believe that the figures will add up.

Moreover, by taking his tax increases from these largely unnoticed funds, not from current earnings, the Chancellor is doing nothing to cut current spending, which is feared to be leading to overheating, thus causing the Bank of England to continue to increase interest rates. Hence we are moving from the benign downward spiral in costs and interest rates that has stimulated the remarkable economic recovery in the past four years and left the Chancellor with his unrivalled inheritance, into a vicious upward spiral.

The pound rises, hitting at our competitiveness—the effect on manufacturing orders was dramatically demonstrated yesterday. Companies that increase payments into their pension schemes to replace what the Chancellor has taken out will have correspondingly less for investment; so much for his talk of under-investment. Private citizens with personal pensions who already prudently pay the maximum permitted for tax relief have nowhere to go. If they wish to save more, they must do so without the same tax relief.

Now we hear that the Chancellor has designs on personal equity plans. What will ISA, the individual savings account, have to offer? It seems hardly likely to be better, but we wait with keen anticipation.

Government supporters should realise what their much-vaunted new Labour Government are up to. They are up to hype and deceit, robbing the future to pay for the present. They pretend that money can be raised painlessly by windfalls, when they know that today the principal investors in the companies that they have just taxed are the very pension funds that they are already robbing by abolishing ACT.

Before the general election, one of the aims of the Labour party was to persuade the country that it had changed—that, in its approach to business and to the personal ambitions of ordinary people, it was now more like the Conservatives, only nicer. [HON. MEMBERS: "Hear, hear."] We now know that that is not true.

Two key Conservative principles—principles that apply to the millions of ordinary families who work hard and save hard—are thrift and self-help. By this Budget, Labour has hit both principles in the teeth. New Labour has turned its back on the pensioners of the future. Wake up Britain, and see these deceivers for what they are.

6.21 pm

Mr. Geraint Davies (Croydon, Central): The Opposition motion is a rambling mish-mash of ideas, cobbled together by the fag end of the previous Government. It is couched in the language of guilt and betrayal, to scare the British public into supposing that they are at risk.

In reality, the aim of the Budget was to confront the country's endemic legacy of economic problems. That legacy consists of gross under-investment in physical and human capital, increasing debt costs—the annual cost of paying our debts is now £25 billion a year more than the cost of schools—and emerging overheating in an economy that is disabled by under-capacity and under-investment.

The Budget was designed to confront those problems head-on, and it did, by reducing corporation tax, reducing tax on small business and investing in the skills stock of UK plc, so that we would be strong again to fight and win in the global economy.

The Leader of the Opposition has said more than once that there is no such thing as a free lunch—although we know that there is free champagne in the Conservative leadership contest—but he does not realise that the Budget means growth and higher profitability for British industry and a simultaneously faster reduction in the country's debt. That must mean UK plc moving into balance much more quickly, and that must mean that the returns and values of pension funds appreciate more quickly.

It was no surprise, therefore, that, on the day after the Budget, the stock market rose 80 points. Since we were elected, there has been an upward cycle of share values, which has helped pension funds.

The shadow Chancellor, who has now left the Chamber, seemed to imply that growth did not matter, and the next moment he started talking about pension holidays, which is proof that, if industry grows because the Government provide the right environment for growth, that will compensate for the reductions in tax concessions that are given for dividends. The conditions that we have created will help pension values.

It has again been asserted—incidentally, it was asserted by the right hon. and learned Member for North–East Bedfordshire (Sir N. Lyell)—that pension values simply rely on dividend flows. That is obviously not the case; I have previously described that idea as a quaint, eccentric actuarial practice. Real pension values also depend on overall equity growth and projections of that growth.

We find that to be so elsewhere on the globe, and in the case of other financial products, such as unit trusts. Actuaries and the Department of Social Security need to think carefully—especially with respect to minimum fund requirements—about the definition that we now use, which we very much need to revisit.

I want to bring to the Floor the issue of the level of dividends as a share of operating surpluses in Britain compared with that of our major trading competitors. In Britain, that share is much higher than in the United States of America, Japan or Germany, suggesting that there is an opportunity for reinvestment from retained profit to increase research and development, and to increase long-term profitability to a more globally competitive level. That is implicit in the thinking of the Budget.

We must consider the Budget in the context of the new culture of stability that was introduced by the delegation to the Bank of England of responsibility for setting interest rates—a change which, overnight, reduced the long-term borrowing costs of British industry by changing long-term interest rates. That change reduced costs and this change increases returns, so collectively we see an increase in the expected return and profitability of British industry. That means jobs and prosperity for Britain.

The changes are good news for pensions. They are good news for pensioners, for workers and consumers, and for Britain.

6.26 pm

Mr. John Greenway (Ryedale): It was obvious to all hon. Members who were in the House before the general election that, whoever won, the House would find itself debating pensions fairly soon. I doubt, however, that any of us anticipated that we would be doing so in circumstances such as those that we are in tonight—the robbery of about £5 billion a year from our pension funds by the proposal on advance corporation tax in the Budget.

Listening to some of the earlier exchanges about the proposals for basic pensions plus made by the previous Government—which, I seem to recall, were favourably received by the current Minister for Welfare Reform and by the Prime Minister—I was reminded that, before the general election, it was understood on both sides of the House that there was a need for long-term reform, to encourage more people to provide for themselves for their retirement. That recognition appears to have flown out of the window in the present Government's proposals.

I remind the House of my many interests in insurance and financial services. I have worked in the insurance industry since 1970. I am a director of what is now a very successful insurance brokerage, which also includes an independent financial services company, both based in North Yorkshire. I am an adviser to the Institute of Insurance Brokers, and have been throughout its 10-year history.

As the Under–Secretary of State for Social Security, the hon. Member for Southampton, Itchen (Mr. Denham), knows, in the past seven years we have had a thriving insurance and financial services group, in which we have considered in a non-partisan way some of the issues that we are debating tonight. I have one other curious interest, in that I am, and have been for six years, an elected member of the Insurance Brokers Registration Council. We are regulators. We are the authorised bodies for insurance brokers. In that role, I have hands-on experience of why the problem of the misselling of personal pensions is taking so long to resolve.

In view of these interests of mine, hon. Members are bound to wonder whether any of them might influence what I have to say. But in fact the Budget was not bad for the company of which I am a director: the lower corporation tax and the 50 per cent. on capital allowances benefited our company. The removal of the ACT credit from pension funds will inevitably mean more new business for companies like mine—so the measure is beneficial from that point of view. The real issue, however, as my right hon. and learned Friend the Member for North–East Bedfordshire (Sir N. Lyell) said, is the fact that we are robbing the future for tax revenue today, which is a gross mistake.

[Mr. John Greenway]

The pensions transfer review is complex. It has been said this evening that the former Government did nothing about it, which is not true. The Economic Secretary, to be sure, has injected some urgency into the review, and that is good. Very few people in insurance or financial services fail to recognise the need for the review to be completed. I remember saying at the Chartered Insurance Institute's conference in Aberdeen, held in 1995, that insurance and the financial services industry cannot expect to regain the trust of the public until this matter is resolved. There is no shortage of willingness to resolve it, but certain problems remain.

The IBRC authorises roughly 1,200 firms' financial services regulation. We have identified about 200 cases, involving 80 of those firms, which hinge on the opt-out and non-joiner part of the problem. As the hon. Member for Southampton, Itchen (Mr. Denham) knows, that is critical. Very few of these cases have been settled, but we have set as a target for their settlement the end of 1997. We believe that about half the cases will result in compensation.

We have also identified about 2,800 cases involving pension transfers. A great many of them are not a problem, although I suspect that there may be some over-optimism in that regard. We have identified, furthermore, about 11,500 non-priority cases which are not yet part of the review and which still await a decision about when the industry should consider them. If the IBRC, covering 1,200 insurance firms—each one of which has a large general insurance business; this is not the main part of their business—has so many cases, we can only guess at the scale of the problem throughout the rest of the industry.

The Government would therefore be wise to defer a decision on when the non-priority cases should be reviewed until the first phase, the priority cases, is out of the way.

Why is it taking so long to complete and settle the reviews? Gathering the information is a slow and complex business. It was not until the autumn of last year that the software was produced to allow a loss assessment to be done in a standardised form. It would be a hugely complex task to do case by case. It should also be remembered, as against the allegations that the previous Government did nothing, that the Securities and Investments Board simplified the information that had to be asked for only as recently as January of this year.

I have seen a letter on file from one occupational scheme that we are reviewing, answering the request for information using the latest, simplified form recommended by the SIB, as follows:

"You will have to learn to wait."

I urge the Government to get on the backs of the financial services and pension providers, and to chivvy along the occupational schemes. Unless they provide what are often simple scheme details, we cannot calculate precisely what the losses may be. They must be encouraged to get on with the job. The country is entitled to expect progress, and progress is precisely what the great majority of people in the industry want.

The next huge problem concerns the feeding in of the removal of tax relief on dividend income to the calculation of what it will cost to go back into an occupational scheme, and of the likely value of the personal pension policy that was sold instead. If such an equation has to be drawn up, any prospect of resolving the problem of misselling at an early date will go out of the window. Any such idea is bound to hit the buffers.

If an occupational scheme does decide to recalculate what it will require for a person to rejoin it, it will in effect have a blank cheque: it can require whatever it wants before someone can rejoin. Yet existing members will still be subject to the same regime, governed by the tax credit removal on ACT; so current members will be worse off. It is expected throughout the industry that many occupational schemes will ask for more—but why should they?

The Government ought to send a strong message to the industry that no allowance should be made for the tax change in any of the reviews. We should not move the goal posts because of that tax change. The calculations should be carried out as if the tax change were neutral; otherwise, the pensions transfer problem will not be solved as quickly as we would like.

The scenario I have described would be a double whammy when it came to compensation costs. Some people might ask why an increase in compensation costs is a cause for worry. I can tell the House three reasons for that. First: who will pay? Perhaps the money will come from professional indemnity insurance or the resources of the firms concerned, if they are still in business—many of them are. But the value of the policy benefits to many policyholders in mutual companies will fall as a result of compensation payments—an issue with which the House has yet to come to terms.

I long for the day when a non-executive director of one of the mutual life offices says, "I have had enough of this. People who did no wrong are having their benefits curtailed so as to pay for compensation to people who may have been missold personal pensions but who were at least a party to that transaction." Ultimately, the problem will have to be tackled.

My second reason is a question of equity. Any assessment of the advice that preceded the misselling of pensions can surely be made only in the light of what were thought at the time to be the likely consequences of such advice.

It may be argued that advisers should have paid attention to possible tax changes, such as the one under debate this evening—although there was certainly no clear warning of it. We have to make a firm judgment at some point as to the knowledge on which such advice was based. If we do not set the cut-off date for such knowledge at the time a policy was sold or the time someone was advised to leave or not to join a scheme, then we should at least settle for the time when the SIB review was announced.

Without such a cut-off, who knows what changes to tax laws or benefits the next couple of years may hold? We shall find that, every time a change is made—it will be a long-drawn-out process for several years—we shall have to rehash the matter.

A precedent has already been set of which the Minister may be aware. Some independent advisers have asked the SIB and the PIA whether, in calculating compensation, they can take into account the fact that the company with which the personal pension policy was arranged produces windfall shares for members. Some, such as the Norwich

Union, have, and there are strong rumours about what might happen to others like the National Provident Institution and Friends Provident.

The PIA has come down firmly and said that under no circumstances should those additional benefits be taken into account. If we apply the logic of that argument, we should say that the ACT tax credit change should influence neither the calculation of the cost of returning to an occupational scheme nor the value of the pension policy that was sold. The comparison between the two is how the required compensation is calculated.

The third reason for concern about compensation costs is that the Government's role in this matter was undoubtedly a major factor. Earlier in the debate, the hon. Member for Northampton, North (Ms Keeble) produced some advertisements with which we are all familiar. I urge the new Government to tread carefully when giving advice: whether it was right or wrong, many people thought that buying a personal pension was the right thing to do because the climate that was created encouraged that.

Mr. Duncan Smith: It was right for some people.

Mr. Greenway: It certainly was, but it was not right for everyone.

My hon. Friend makes the very point that I was about to make: the fact that there was a climate in which personal pensions were regarded as attractive exonerates no one from giving bad advice on whether to opt out or not to join an occupational pension scheme. The pensions industry has agreed to take all this firmly on the chin, because it knows in its heart of hearts that people were put into those schemes, and that policies were put on to the books and accepted, when they should not have been.

The Chancellor's decision to remove ACT tax credits from pension funds is a monumental misjudgment. For the background to this matter, one need only look at *The House Magazine* of 30 June—published on the eve of the Budget—in which the hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) had an article about pensions.

In another article, Allan Evans of Pearl Assurance made two telling remarks about the scale of the under-investment in pensions. In spite of the record that my right hon. Friend the Shadow Chancellor outlined at the start of this debate in comparing our record with that of other countries, the potential for more to be done could not be clearer from Mr. Evans's two comments. The first is:

"Only 1 in 100 occupational scheme members will receive their maximum entitlement of two-thirds of final salary."

It is no good saying that pension funds are awash with money and that everyone is on some great gravy train once they retire. That is simply not true, because only one person in 100 will get the maximum. One has only to look at the insecurity of being a Member of Parliament and at how many hon. Members, when they eventually retire, will get the maximum pension entitlement under our scheme. In the fleeting moments during the count, when even I wondered whether I had survived, the pension that I would lose was one factor for my wanting to return to the House—but it certainly was not the only one.

Mr. Evans's second point, which is even more telling and even more important in terms of the removal of the ACT tax credit, is:

"the majority of people with a personal pension are making wholly inadequate levels of contribution."

That is why the misselling scandal arose. It was not wrong to encourage people to make provision for their own future; the problem was that they merely invested their national insurance rebate, which should have been just the first building block.

One of the reforms on which I hope for some cross-party consensus is that, if people decide not to join an occupational scheme, any employer's contribution that would have been made to an employer's scheme should be available for them to invest, as of right, in a scheme of their own. We should have done that in the late 1980s. The fact that we failed to do so is one reason why we have this problem today.

The hallmark of the new Government's first weeks in office is to blame the previous Government's shortcomings for unpopular and difficult decisions. I make no complaint about that; if the roles were reversed, we would doubtless do the same. However, the decision on advance corporation tax credits is entirely of the Government's making. All Governments make mistakes, but it is hard to imagine a worse one, even by this Government's standards.

6.45 pm

Yvette Cooper (Pontefract and Castleford): The House will welcome the sudden apparent interest shown by Conservative Members in the plight of pensioners. However, I fear that the 15,000 pensioners in Pontefract and Castleford will be a little cynical about the former Government's new-found concern for their plight. After all, it was the Conservatives who put VAT on fuel bills up to 17.5 per cent. whereas the Labour Government have cut it to 5 per cent. and abolished the gas levy, which means that pensioners in my constituency will be considerably better off this winter than they would have been had Conservative Members had their way.

The Conservative party did little to ensure that the poorest pensioners get their full entitlement to the money that they are owed after working hard all their lives. An estimated 1,500 pensioners in my constituency do not get the income support top-up to which they are entitled, having worked so hard, which means that they lose on average £14 per week. That sum goes a long way when one does not have much money to play with in the first place. Nevertheless, the Opposition now say that they are concerned for the plight of pensioners in the future; it is worth considering their arguments in detail, if only to show that they do not add up.

The Shadow Chancellor raised the subject of a 30-year-old now saving for her pension. She has most of her working life before her and hopes to be in work during that time to save for her retirement. What questions does she face when considering the security of her retirement? Her security depends first and foremost on her pension fund's long-term performance, which means the performance of the companies in which the pension fund invests. She will be pleased to see how well the stock market has done since the Budget—an 11 per cent. increase has done wonders for the capital value of pension funds—but she will be more interested in the long-term

[Yvette Cooper]

performance of pension funds and companies, which depends most of all on the economy's long-term performance.

The 30-year-old is also interested in whether she can stay in employment for the next 30 years, which means that she has a strong interest in not being pushed out of her job by another recession—by more of the same boom-bust cycle with which the economy has been plagued for decades, and certainly severely for the past 20 years. Her security in retirement thus depends on her ability to stay in employment and on the long-term prospects for growth in the economy.

What would that 30-year-old have had to expect from the Conservatives for her retirement? Not very much. The former Chancellor was preparing to make exactly the same mistake in economic management as his predecessor, Nigel Lawson, made in the 1980s, fuelling another boom. No, he would not have raised taxes. No, he would not have cut borrowing. No, he would not have given the Bank of England control over interest rates. And no, as we know, he would not have been half so keen to raise those interest rates himself.

Had the Conservatives been re-elected, we would have been on the verge of another round of disastrous economic mistakes, taking the risk that we were fuelling inflation, triggering recession once more and weakening the very companies on which that 30-year-old's pension depends. We can assume from what the shadow Chancellor has said that he would agree that he, too, would not want to cut borrowing at this stage, would not want to raise interest rates and would certainly not have given control of interest rates to the Bank of England.

In contrast, my right hon. Friend the Chancellor has done more to promote stability in economic management than any Government since the war. He has also done more to promote the long-term rate of economic growth in the past few months than the Opposition did in their time in government.

Let us consider the real problems for the long-term rate of economic growth, which matters for the pension funds and for long-term company performance. Low investment and skills shortages are huge capacity constraints on the economy, stopping our economy growing and preventing businesses from expanding as much as they could otherwise do. The United Kingdom's investment record is pitiful compared to that of our competitors. In 1995 we invested only 15 per cent. of our national income, leaving us 13th in the European Union league. We know that we also face persistent skills shortages, which the previous Government did little to tackle when they were in power.

The new Government, however, have introduced new measures for investment, not just by cutting corporation tax, but by increasing capital allowances. Such measures will promote the prospects of pension funds which are so important.

That brings me to the tax credit about which Conservative Members are so exercised. Would they have introduced that credit if they were starting all over again? Will they reintroduce it, once it is abolished? Would they really want to introduce a distortion in the tax system that encourages pension funds to demand a short-term dividend from the companies in which they hold shares, rather than encouraging those companies to put their profits into investment? The tax credit directly encourages that. It is a distortion that is short-termist in its impact and probably does much to explain why we have such an abysmal investment record in the UK.

For example, in the late 1970s dividends as a share of gross domestic product were about 2 per cent. in the UK and about the same in the United States. Over the past 20 years, dividends have risen to about 3 per cent. in the US. In the UK, dividends have soared to an almighty 6 per cent. of GDP. No wonder we have capacity constraints, if so much money is being poured out in dividends rather than being invested in the long-term future of our companies. It is madness to allow such a distortion to remain when we have the chance to do something about it.

Mr. Letwin: The hon. Lady describes a gap of 4 per cent. of GDP. Can she tell the House where she imagines it to go? Does she accept that it may be redistributed into the industries that most require it for investment?

Yvette Cooper: Opposition Members have a problem—they think that there is a zero sum going all the time. They do not think in terms of resources going into investment in the long term, and of allowing companies to make a fair decision without its being distorted by a tax incentive that sends the money back to the pension funds. Conservative Members have been so keen to advocate market forces in order to allow companies to make fair decisions and to send the money where they think that it will have the best return; yet the hon. Gentleman is advocating a tax credit that specifically distorts the financial decisions made by companies and by pension funds because they have an incentive to send the money back in dividends instead.

Even honest Conservative Members know that that tax credit should go. More than 10 years ago the right hon. Member for Henley (Mr. Heseltine) told journalists that the system of subsidies for pension funds did not promote wealth creation. The remedy, he suggested, was to

"take pension fund incentives away."

If Conservative Members were genuinely concerned about the plight of pensioners in future, they would have done more to tackle the misselling of pensions. Theirs is the party which, when in government, encouraged hundreds of thousands of people to opt out of their work pensions into private personal pensions, and then sat back and did nothing about the scandalous misselling that took place.

About 2,300 people in Pontefract, Castleford and Knottingley have been missold personal pensions. Fewer than one in 100 have received any compensation. More of them have died before receiving any compensation than have received compensation. I find those figures shocking. I am amazed at the gall of the Opposition when they refer to the misselling of pensions in their motion, after their irresponsible behaviour and the little that they did to tackle that misselling.

On behalf of my constituents I welcome the determination of my hon. Friend the Economic Secretary to take tough action against companies which have not yet compensated their unlucky victims. Pensioners in my constituency and savers for future

pensions will be relieved to know that their prosperity and their future pensions are now in the hands of a Labour Government.

6.56 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton): I begin by refuting the point made by the hon. Member for Pontefract and Castleford (Yvette Cooper) about the imputation system. We would have created the imputation system if we were starting from scratch, because it avoids double taxation of company profits, first in the hands of the company and then in the hands of shareholders. The current method avoids distortion in the capital market. We have equilibrium in the capital markets through the system. The system that the Government are trying to create distorts the capital market.

As the details of the Budget begin to sink in, the irony of it all begins to rise to the surface. The Labour party ran a general election campaign based on a promise of no rise in income tax, a promise to generate more investment in industry and, most disgraceful of all, a scare story that pensioners risked losing their pensions if a Conservative Government were re-elected. Now we see the reality—a Budget which does colossal damage to the interests of pensioners and pension funds, which will reduce investment in industry and which introduces a reduction in people's disposable income which, in all but name, is a rise in income tax.

The ending of tax credits on dividends vandalises British pension funds to the tune of a diminution in value of about 11 per cent. At a time when the developed world is confronting the challenge of how to fund an ever aging population, and when we have in prospect a huge competitive advantage of meeting that challenge with £650 billion of pension fund assets, the Government decide to launch an unprovoked attack on those funds. That tax change will cost the average person who contributes to a personal pension £20 a month extra in pension contributions to make up the shortfall.

For example, the tax change will result in a 30-year-old's pension fund that would have been worth £250,000 on retirement suddenly losing £50,000 in value—a reduction of 20 per cent. in the value and a consequent £20 a month extra pension contribution to make up the shortfall. For many millions of people with personal pension schemes, the shortfall will have to be made up by the individual.

Mr. Piers Merchant (Beckenham): While my hon. Friend is examining the effect of that tax increase on individuals, will he also consider the cost for council taxpayers and the extra that they will have to pay to ensure that local authority pension funds are topped up? Is he aware, for example, that in the borough which covers my area—Bromley—the council estimates that the tax rise will cost it £750,000 per year, which means an increase of £6 for every council tax payer in that area on band D?

Mr. Gibb: I thank my hon. Friend for that intervention. I agree with him, and I have similar figures from my constituency to which I shall refer later.

Returning to pensions, the company will have to make up the difference in most—but by no means all—final salary schemes. As a result, more and more companies are likely to switch from defined benefit and final salary pension schemes to defined contribution schemes. That will shift the risk from the companies to the individuals.

The Chancellor of the Exchequer would have us believe that this is a no-cost Budget—a Budget for the people—but it is not a Budget for the people: it is a Budget that the people will pay for. The Chancellor described it as a Budget for the long term, but the truth is that the Budget will raise cash in the short term while creating enormous problems and increased state dependency in the long term.

Before the Budget, the pension fund regime allowed funds to accumulate tax free. The Government have effectively removed that tax exemption. They will tax pension funds at a time when they were talking about encouraging more savings and the possibility of compulsory third tier pensions. I wonder whether the Labour Government are fully aware of all the consequences of this measure. I doubt whether the Government thought through the changes fully in their rush to legislate.

It is odd that, while higher and basic rate taxpayers will keep tax credit on dividends, non-taxpaying individuals—the poorest in society—will lose the ability to retain tax credit on any small dividend income that they might have. That will particularly hurt pensioners, most of whom do not pay tax. The Government have surely not thought through that measure.

Have the Government considered what will happen to the self-employed or to those in non-pensionable employment who are paying the maximum 17.5 per cent. of their net earnings into a private pension fund? As a result of the Budget, those people will find that they must increase their contributions in order to rebuild their pension funds to their pre-Budget values. However, as they are already paying the maximum amount, those people cannot increase their contributions. Why did the Government not decide to raise the limit from 17.5 per cent. to 25 per cent. of net earnings in those circumstances? Did the Government reject the idea or, as I suspect, have they not even considered it?

What extra incentives do the Government intend to introduce to make maintaining an opt-out from SERPS worth while in the light of Budget changes that make private and occupational pensions less attractive? Have the Government proposed any new incentives? Will they provide additional expenditure to fund the extra demands on the public purse? Have the Government considered those points, or is that another aspect of the Budget that they have overlooked in their rush? Perhaps the Government do not want people to opt out of SERPS—after all, the heroine of the old Labour party introduced SERPS in the first place.

The Budget's effects on local government were mentioned earlier. Have the Government allowed for extra spending provision to make up the revenue support grant in order to fund the extra cost on local government? Have they considered that issue? For example, West Sussex county council has calculated that, as a result of ending tax credits on dividends for tax-exempt funds, its pension fund will be an additional £3.4 million in deficit. That will necessitate increasing the employer contributions, which are currently 17 per cent. of salary, to a staggering 23 per cent. of salary.

We must then ask: how will West Sussex county council fund that extra contribution since it is already spending up to its cap? Will the Government allow the council to allocate the extra expenditure necessary? Will they relax the cap? Have the Government considered that

[Mr. Gibb]

issue? I noted earlier this afternoon that the Prime Minister had considered the matter relatively recently. He excused the mess by declaring that local authorities do not need to revalue their pension funds for another two years. Is the Prime Minister recommending that councils act in an imprudent manner and do not start making up their deficits immediately?

If West Sussex county council is allowed to spend beyond its capping limit, it will mean a 2.5 per cent. increase in council tax. A similar problem faces Arun district council. As a result of this Budget measure, its pension fund will be in deficit by £400,000—which translates to an extra £8 a year that residents of Bognor Regis and Littlehampton must pay. Combined with the county council and police authority, that amounts to an increase of £20 a year. People will have to pay an extra £20 a month in pension contributions and an additional £20 a year in council tax. The Government were elected on the pledge that they would not increase income tax—but these are income tax increases by the back door, and the people will notice. They will know that they were misled on 1 May.

The Government billed last week's Budget as a Budget for investment. A Budget that will tax the investing sector of the economy—the pension funds—to the tune of £5 billion a year is not a Budget that will encourage investment. A Budget that will tax the biggest spenders on plant and machinery—the utilities—to the tune of £5.2 billion will not encourage investment. A Budget that reduces the tax credit available to overseas investors, so that it is less advantageous for a corporate investor from the United States, for example, to invest in the United Kingdom, will not encourage investment.

A Budget that proposed initially—I do not know whether the measure is still on the books—to abolish foreign income dividends, which threatens to drive out of the United Kingdom many British-based multinationals, will not encourage investment. A Budget that amends the finance leasing legislation, the consequences of which will be higher capital costs, will not encourage investment. A Budget that doubles the rate of stamp duty on property to 2 per cent.—we should note that stamp duty applies not only to houses and real property, but to any property that is sold or transferred by document, including the sales of businesses, good will and so on—will impose a significant cost on dynamic and changing businesses, and therefore will not encourage investment. They are only six measures from the Budget, which was billed as a Budget that would encourage company investment, which will reduce such investment.

A Government who said that they would consult widely on tax legislation and who have proposed the novelty of green Budgets, are rushing ahead and pushing through legislation, the consequences of which they have not considered fully. The Government have already announced changes to the Budget: first, altering the calculation of the value of utilities for windfall tax purposes; secondly, the possible withdrawal of their ill-considered decision to abolish foreign income dividends.

It was interesting to hear the Paymaster General's response during Friday's debate on the Budget to criticism of the Government's decision to abolish foreign income dividends. He said that international headquarters companies would remain and could continue to pay dividends free of tax. However, the international headquarters companies regime is available only to non-UK owned groups.

We have before us ill thought out and rushed legislation. The timetable for debate allows for too little consultation, which is why mistakes are being made. It is time that the Government paused to consider and to consult. It is time that they gave up their high-handed approach. The Finance Bill will not increase investment, as the Government claim, but reduce it. The Finance Bill will not create jobs, but cost jobs. It will not make pensioners more secure, as the electorate were told that a Labour Government would, but less secure.

7.9 pm

Mr. Tony Colman (Putney): Thank you, Mr. Deputy Speaker, for calling me to speak in the debate. I declare an interest as a councillor for the London borough of Merton and chair of the United Kingdom Standing Committee on Local Government Pensions. I am also chair of the Local Authority Mutual Investment Trust, director of Church Charities and Local Authorities and chair of Greater London Enterprise Development Capital.

The United Kingdom Steering Committee on Local Government Pensions represents the 99 pension funds in local government. Between them they invest assets of some £60 billion under the local government pension scheme. We have 1.6 million current and deferred pensioners and 1.25 million contributing members. Our funds constitute 10 per cent. by value of all UK pension funds.

Local government pensions are unique within the public sector in being funded rather than pay-as-you-go. We also represent teachers, the fire brigade and the police, but, of course, the previous Conservative Government had not grasped the nettle in ensuring that those schemes are funded, so council tax payers, through various levies, have to pay ever increasing costs for the police and fire brigade. I hope that the Under-Secretary of State for Social Security, my hon. Friend the Member for Southampton, Itchen (Mr. Denham), will take account of that in his pensions review.

I particularly wished to speak in the debate because the right hon. Member for Wells (Mr. Heathcoat-Amory), in the Budget debate on Monday, and the Leader of the Opposition, in Prime Minister's questions today, quoted from a letter that I sent, before the Budget, to the Chancellor. It was dated 26 June and was acknowledged by the Treasury on 30 June. It concerned the then potential abolition of tax credits to pension funds. It said that that

"would add at least 3 per cent.—or £300 million—to employers' pension costs and compensation would be needed, otherwise there would be further cuts in local services unless there was an increase in the revenue support grant."

I hope that the following comments will be helpful to the House. No local government pension beneficiary is affected in any sense by the proposals in the Budget, which I support. It is important to remind hon. Members that the local government pension scheme is extremely well managed and is very much a model for the private sector. The hon. Member for Mole Valley (Sir P. Beresford) previously represented Croydon, Central. I wonder why he moved. Perhaps the excellent speech from my hon. Friend the new Member for Croydon, Central (Mr. Davies) was a clue.

The hon. Member for Mole Valley gave the local government pension scheme a clean bill of health and supported its continuance. The fact that Opposition Members could not find any holes in it shows that it is an extremely good scheme. Thousands of people who are waiting to come back into those schemes were missold pensions. I assure the hon. Member for Ryedale (Mr. Greenway) that there is no hold-up in the information being made available from the pension funds that I chair.

Local government pension funds have returned extremely good, high returns. I particularly commend their ethical and environmental investment. I hope that other hon. Members who speak in the debate will pick up on that point, as it is important.

I should comment on local government pension funding, which is already below 100 per cent. Hon. Members may ask "Why?" In 1990, I regret to say that the previous Government encouraged funding for local government pensions to drop from 100 per cent. to 75 per cent. to massage the poll tax bills. The reduction overall, as a result of that change, was some 6 per cent. The Lamont reduction in tax credits increased that figure further.

The hon. Member for Beckenham (Mr. Merchant) outlined the possible impact on the funds for Bromley, but each fund varies. Some are funded at 105 per cent.; the lowest, I believe, is funded at about 75 per cent. It depends, perhaps, on the prudence of the decisions of the officers and members of each of those authorities and whether they felt that they had to support the Thatcher Government.

It may be helpful to the House if I explain the valuation of the Essex fund, which was conducted in 1995. The Essex fund is extremely well run by Keith Neale, the borough treasurer. I particularly picked this example because the Chief Secretary, in his reply to the debate on Monday, accurately pointed out that the 3 per cent. mentioned in my letter paled into insignificance compared with the 5 per cent. that results from ill health and early retirement.

Much of the reduction took place because of the reorganisation of local government, which was encouraged and pushed through by Conservative Members. There are further reductions to the 100 per cent. funding level. Some 1 per cent. comes from salaries, which are ahead of inflation. A further 1 per cent. comes, I am glad to say, as a result of pensioners living longer. The funding level of the Essex fund, which was 97 per cent. in 1992, dropped to 84 per cent. in 1995. I say this in terms of it being an extremely well run fund. Thus the 3 per cent. that I mentioned in my letter needs to be taken in the context of the 13 per cent. drop between 1992 and 1995.

Having written my letter, I received advice that the chair of the Chartered Institute of Public Finance and Accountancy pension panel, Peter Scholes, who is chief executive of the London Pension Funds Authority, takes the view that the removal of the tax credits would add some 1 to 2 per cent. to costs, which is significantly lower than the figure in my letter. He has commented in public about what he felt was a very overrated knee-jerk reaction from the media.

I very much support the proposition made by the Chief Secretary earlier in the debate, that we need to look at the valuation of funds. The valuation needs to change. The largest local authority fund—if I can call it that—is American, the Californian local authority fund, which is very much looking for growth from good management. I thank my hon. Friend the Member for Pontefract and Castleford (Yvette Cooper), who, in an excellent speech, pointed out the difference between the American and British system. We have, perhaps, seen an inflation of the cost of the loss of tax credits by many actuaries. They need to rethink the basis on which they would look at actuarial valuation in the future.

The Chief Secretary quoted from certain newspapers. I shall quote Anthony Hilton from last Friday's *Evening Standard*, who said:

> "If the actuaries valued funds on the basis of their total return, and therefore took account of the capital appreciation in funds, a quite different picture of pension fund solvency would emerge."

Mr. Butterfill: Surely the hon. Gentleman appreciates that the action that the Government are now taking will drive more and more pension funds out of investments and equities, so the capital appreciation that he desires is much less likely to happen.

Mr. Colman: It is for every fund manager to take his or her decisions. I personally believe that the package presented in the Budget offers real hope and opportunity for businesses in this country to develop and expand. I would certainly not wish to see any of the local authority pension funds disinvest in the equity market. Perhaps Opposition Members will give different advice, but that is certainly the advice that I would strongly give.

I echo the information that my right hon. Friend the Prime Minister gave at Question Time, that the next actuarial review is not due until April 1998. The recommendations from that will not come forward until late 1998. The impact—if there is any impact—on local authority budgets will be from 1999 to 2000 onwards. I assure the House that the impact will not be seen immediately in terms of council tax bills or an effect on services. The strength of the funds may mean that local authorities will not need additional revenue support grant. That is possible, given the mood of the country and, as my hon. Friend the Member for Pontefract and Castleford said, a strong rally in the stock market, notwithstanding the past two days of speculation about potential changes in the interest rate.

I have received a letter, however, from the Minister for Local Government and Housing, which plainly states that when the actuarial figures are given following revaluation or the fresh look in 1998 and if it is found that there is a problem, the Government will take such factors into account in determining local authority provision for 1999–2000 and subsequent years. It is a matter of taking a view of the situation at the relevant time.

Mr. Merchant: I have listened to the hon. Gentleman's many comments with great interest. I believe that it will be easily demonstrated that local authorities are out of pocket as a result of advance corporation tax changes. Will he join me in pressing Ministers to ensure that the authorities receive full compensation for the costs of the tax change?

Mr. Colman: As I said, under the previous Government there was a 7 per cent. reduction in funding without a penny coming to local authorities. I made it

[Mr. Colman]

clear in my letter, to which I referred, and I make it clear again, that it is important that there are no cuts in services. In the light of the letter that I received from my hon. Friend the Minister, I believe that there is not a problem to take forward. Her letter contained important assurances. It is for us all to ensure—again, I support my hon. Friend the Member for Pontefract and Castleford—that we reassess the way in which pension funds move forward. The future looks better with the changes that were announced last week, not with the bizarre approach that has been taken in the past.

Mr. Lilley: Will the hon. Gentleman give way?

Mr. Colman: No. I shall continue.

Officials of the Department of the Environment, Transport and the Regions have met local government officials today to consider those matters. I believe that there is no need for additional revenue grant, but we shall see what happens with the revaluation in 1998.

I shall summarise. I believe that additional funds may not be needed to deal with the abolition of tax credit. The 3 per cent. consideration, which is mentioned in my letter, must be seen in the context of the 13 per cent. change between 1992 and 1995.

Mr. Lilley: The hon. Gentleman is delivering the best informed and most interesting speech that we have heard from Government Benches, including the Front Bench. He has made an important point and I think that I have grasped it. Do I understand that he has received an assurance from the Minister for Local Government and Housing that extra finance will be available in the next financial year to meet the cost to pension funds in local government? Will the hon. Gentleman confirm that I am correct in that understanding? Will he comment on what appears to be a pledge to break a promise that the Government would remain within the established guidelines for money for that Department?

Mr. Colman: There has been no proposal to break that pledge or to move outside the guidelines. The letter clearly states that factors will be taken into account in determining local authority provision for 1999–2000 and subsequent years.

As a business man and chair of the UK standing committee, I believe that the Government's proposed reforms are good for UK companies. I believe also that we shall see real investment through fiscal neutrality. Companies that have been driven to having higher and higher dividends will be able to reinvest to improve their net worth. We are talking of a good proposal that will be good for the UK and good for pensioners.

7.24 pm

Mr. Howard Flight (Arundel and South Downs): First, I should disclose that I have spent 25 years in the investment management industry. I spent the past 12 running a business and I remain a director of a company that manages a number of pension fund portfolios.

I believe that the new Government will come to rue the day that they abolished advance corporation tax refunds for pension funds. It would have been a sufficiently major change without introducing it so shortly after the general election, the Labour party having not set out the proposal in its manifesto. It was, of course, challenged about it. I certainly challenged my local Labour candidate. It is a mistake, and it will be seen by the many people affected as a betrayal. From your point of view as a Government, the one thing I hope of you is that the Minister for Welfare Reform will produce a thorough review and reorganisation of our social security system. I think that you are prejudicing a major element of that—

Mr. Deputy Speaker (Mr. Michael Lord): Order. The hon. Gentleman is using "you" and "your". The Chair is not responsible for the matters that he is discussing.

Mr. Flight: Thank you for correcting me, Mr. Deputy Speaker.

With the minimum funding requirement coming in this April, it is unwise to change the playing field, there being a need for things to work themselves out.

My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), the shadow Chancellor of the Exchequer, began by highlighting the contribution to the economy that has been made by the deliberate giving of tax incentives for pension fund accumulation. It is known that about 62 per cent. of pensioners already have occupational pension schemes, and I have discovered that the distribution from private sector funds is approaching about £40 billion a year.

If we think about that in another way, if that degree of distribution had to come through the tax system, as it does on the continent, there would have to be about 14 per cent. higher taxation. If that burden fell entirely on income tax, there would have to be about a 40 per cent. increase in income tax. The distribution from occupational pension schemes is overwhelmingly the reason why the UK has a much lower rate of taxation than the various rates in continental Europe.

Why is it that continental European economies are suffering from what I would call Maastricht stagnation stability? It is because their tax takes are far too high. I hope that the Government's deep wish for stability, as expressed by the Chancellor of the Exchequer—we all support it—is not in reality the appalling Maastricht-encouraged stability of stagnation that the rest of Europe has been experiencing.

We are talking of material change. About 70 per cent. of UK dividends go to non-tax-paying institutions that receive rebates, of which the overwhelming majority are pension funds. The amount per year has been cited, but it will be more than £5 billion by the 1999–2000 tax year. It will be about £50 billion over the next 10 years. The Government's proposals will bite on those who have their own personal pension schemes. If they do not up their subscriptions, they will have pensions that are about 20 per cent. less than they expected. In that sense, there is a dangerous retrospective element in the proposed changes.

People took out personal pensions having contracted out of state earnings-related pension schemes on the expectation that there would not be such material tax changes affecting the pensions industry. Various figures have been cited for the cash-flow consequences for the standard mid-30-year-old. In the main, the figure would seem to be between £150 and £250 per annum, depending

on how well he or she was providing for a personal pension. That is equivalent to a rise in his or her tax bill of about 7 per cent.

The shadow Chancellor cited the extraordinary remarks of the Financial Secretary. I heard the Chancellor argue in the House that the changes would not have consequences such as the ones that I mentioned, because equities would appreciate as a result of the wider impact of the Budget. The track record of British companies shows that the pattern of capital investment is affected by a variety of factors, the most important of which is the exchange rate. A second factor is self-evidently a company's cash position: companies have had extremely strong cash positions. The rate of return on investment is a third factor.

There is no evidence that retaining earnings rather than paying out dividends has any material effect on capital investment. The misplaced obsession of Will Hutton, which is based on a misunderstanding of what goes on in Germany, seems to have crept into Government thinking rather too strongly. I refer the Chancellor to the recent work of Dr. Lasfer and Professor Taffler at the City of London business school. They found that companies paying dividends were more likely to invest, particularly in research and development, and that those dividend-paying companies had a higher rate of such expenditure.

The rise in dividend pay-outs has not been called for or encouraged by pension funds. It has happened largely because, with tax-free flows of money, we have had a good clearing market for the most efficient investment of returns.

I am mainly concerned about the responses of companies and the impact on pension portfolio investment strategy. I believe that both will be negative. The ACT impact reduces scheme funding by 10 per cent. or 11 per cent., which brings many close to the 100 per cent. minimum funding requirement level. Companies are bound to shift: indeed, almost half have already shifted to money purchase schemes rather than final salary schemes. Money purchase schemes contain the cost, put the risk on to the pensioner and, at the end of the day, are pretty certain to produce a lower pension. I have seen in the industry an acceleration towards such a shift, and I believe that it will increase.

The Government seem to have forgotten that they have created a tax distortion in favour of interest. Dividends are taxed and interest is not, so there is no logic in that. The change in strategy will produce a rise in domestic and foreign bond holdings, and interestingly a commensurate rise in emerging market equity investment, thus keeping the overall risk portfolio fairly similar, although it will be at the expense of investment in mainstream UK equities. The bond element, even though it may be prudent in some senses, is an asset that does not have the power to appreciate in capital value. Moreover, I would argue that it is not a particularly wise time in the economic cycle to be increasing bond investment, given that we have had a bull market in bonds for 17 years.

If the Chancellor has genuinely been persuaded by the Will Hutton school of economics, he risks taking measures that will turn out to be as ill conceived as Harold Wilson's old selective employment tax. It is irresponsible to attack pension fund accumulation, which is an area of proven UK success. Moreover, for many investors there will be a retrospective element.

The point has already been made about those who have contracted out of SERPs. Will they have their rebate upgraded, or will they go back into SERPs, which would be undesirable for the nation? Their decisions were taken on the basis of a playing field that has now changed.

Unless the Government increase funding, my estimate of the bottom line for local authorities is that council tax bills will increase by between £10 and £20 per person.

The figure that has been quoted for the number of people with personal pension plans is between 5 million and 6 million. The latest information that I have obtained is that the figure is approaching 7 million people. They will be hit directly. The Government will lose the support of those 7 million people, and the support of the 62 per cent. who already receive pensions will be questionable. This issue is fundamental to the people of middle England, whom the Prime Minister is so keen to keep on side. It is a mistake from the Government's political point of view, and a grave mistake for the nation.

7.35 pm

Mr. John Cryer (Hornchurch): I should first like to comment on the discussion about misselling, which is a euphemism for conning. In the 1980s, people were conned. It is extraordinary for Conservative Members to say, "It was nothing to do with us, it was all quite innocent. It arose out of the general atmosphere at the time." They created the atmosphere that gave rise to people, such as the 25,000 miners, being conned out of their occupational schemes. It is a bit like the Kray twins saying, "All right, we murdered a few people, but it was the sixties and everyone else was at it."

I want to focus on the Opposition's motion, especially its reference to security in retirement, which is of concern to us all. In late 1995 and early 1996, there were strikes, stoppages and mass protests throughout Germany, France, Italy and Spain because of the attacks on their state pensions. That action resulted from the ludicrous attempts by those Governments to fit into the Maastricht straitjacket: cuts in public expenditure led to strikes and protest rallies. We have not had protests rallies, strikes and stoppages in this country, yet there has been an enormous reduction in the value of the state pension.

Mr. John Bercow (Buckingham): For the benefit of the House, will the hon. Gentleman tell us in which year the previous Government failed to increase the state pension in line with the retail prices index?

Mr. Cryer: I shall come to that in due course, so the hon. Gentleman will have to be patient.

In 1979, our state pension amounted to 29 per cent. of average male earnings. By 1995, the figure had dropped to 22 per cent., and at the same time the wealthiest 20 per cent. of pensioners became increasingly well off in relation to the poorest 20 per cent., who became increasingly poor. That was largely a spin-off from the casino economy of the 1980s. As interest rates went up, richer pensioners who depended on investments did a great deal better. The economic policies that were pursued put pressure on public spending, so there was more pressure to cut the state pension. The clearest way to cure poverty among pensioners is to reinstate the link between

[Mr. Cryer]

increases in the state pension and the average increase in earnings rather than prices. That link was done away with in 1981 by the previous Government.

Mr. Butterfill: I am sure that the hon. Gentleman does not want to mislead the House, but he will remember that the link with prices was abandoned by the previous Labour Government. Inflation had become so high that they could not afford to maintain the link with prices, so only the link with earnings was maintained. It was the increase in earnings under the Conservative Government that created the anomaly to which the hon. Gentleman referred. We maintained the purchasing power of the pension.

Mr. Cryer: That is wrong. The link with earnings was done away with by the Conservative Government in 1981, and as a result the pension has increased, but not in real terms. The link with prices was maintained during the 1980s.

All sorts of bogus arguments are flying around about the state pension and the state earnings-related pension scheme. It is said that, with an aging population, we cannot afford the state pension. In fact, if the link with earnings were restored, by the middle of the next century the cost of the state pension would be £66 billion rather than £45 billion, the cost that would result from the present rate of increase. That could be covered by an increase in employer and employee combined national insurance contributions by less than the rate of increase during the 1980s under the last Government.

Restoring that link would also be a star move because it would remove the means test that faces many pensioners. Hundreds of thousands of pensioners depend on income support, but hundreds of thousands who are entitled to claim it do not. That is because people who have worked all their lives, have paid into national insurance funds and feel that they are independent and capable find it deeply patronising that they must go to the DSS office, fill in a pile of forms and be patted on the head and told, "Well done—you are entitled to the money that you should have had anyway." Such people should not have to go through such a tortuous rigmarole.

I have received many complaints from constituents about a related issue—the allowance for those over 80, which is 25p a week and has not been increased since its introduction. A number of people aged over 80 have told me that they would prefer the allowance to be abolished, because they find it so patronising to receive an extra 25p a week for turning 80. I think that the allowance should be uprated to a decent level, so that we can view it with some pride.

That brings me to the subject of the state earnings-related pension scheme, on which there has been considerable debate. It has even been suggested that SERPS should be abolished and replaced with personal pension schemes. I speak from experience when I say that that would be a grave mistake. For a while during the 1980s, I worked as an underwriter. It may surprise hon. Members to learn that a raving firebrand like me was a yuppie for a few years, but it is true—although I could not get out of the job fast enough.

My experience as an underwriter tells me that the idea that private pensions can replace state pensions—which provide for so many disadvantaged people—is fantasy. The private pensions and insurance industries are not going to pay out for people in straitened circumstances who cannot afford to contribute the increased premiums that will undoubtedly result if SERPS is done away with.

SERPS should clearly be rescued from the Tory attacks of the past 18 years. There was a deliberate attempt to undermine the scheme. That is where the conning came in: the aim was to persuade people to leave SERPS and sink the money into other schemes. I remember going to seminars—within the insurance industry, not public seminars—in the 1980s, in which people were told as a matter of fact that Barbara Castle had made an enormous mistake in introducing SERPS, and that they should not stick with the scheme because it would not exist in 20 or 30 years. That was a lie, but it was a lie that was put around—not just to the public, but to people working in the insurance industry. That tells us something about the atmosphere that prevailed during the 1980s, when the casino economy was in full swing.

Another issue with which I have been involved—especially in the run-up to the election—is that of war pensions. The con that the last Government attempted to perpetrate on war pensioners stands alongside the attack on the miners and the butchery of the mining communities, and the fiasco of the exchange rate mechanism, as one of the most shameful episodes of the past five years. There was an attempt to rob war pensioners and their widows of £50 million.

Someone with whom I worked for some years was a victim of that. In 1945, in Bremen, he was in a tank that received a direct hit. His comrade fell across him, covered in blood, and died. He is buried in a war cemetery near Bremen. My friend, who happens to be a journalist, wrote an article in *The Guardian* about what had happened. At the end of that article, he asked this question: "Did I fight, and did he die, so that others could come back and be robbed by a Government who are so cheap and cynical that they are prepared to listen to actuaries who, no doubt, have said, 'There are fewer war pensioners around, so you can get away with it if you sneak it out after the Budget'?" That is exactly what the Government did.

I hope and believe that the new Government will try to build the welfare state and the public services for which my friend and his comrades who died were looking in 1945, and for the sake of which they fought for freedom.

7.44 pm

Mr. John Butterfill (Bournemouth, West): The Chief Secretary to the Treasury—who, unfortunately, is no longer present—reminded the House that I am an adviser to the Independent Financial Advisers Association. I did not intend to say anything that related to the association until the hon. Member for Workington (Mr. Campbell-Savours)—who is also no longer present—raised the issue of the Financial Services Act 1986, and the views that were expressed when we both served on the Standing Committee.

First, I must point out that I was not an adviser to the association, or to anyone else, at that time. Secondly, I must tell the hon. Gentleman that his recollection is completely wrong. I did not suggest that commissions should not be disclosed; I said—as some Labour Members who are familiar with such matters will doubtless appreciate—that the costs of selling a pension or insurance policy are numerous. They do not just comprise

commission. Many companies spend most of their money on advertising and on their own direct sales forces, and do not pay commission to independent financial advisers.

What I told the Committee in 1985–86 was that we ought to disclose all the costs, or it might appear that a product through an IFA who was paid commission was giving worse value than a product sold by a direct seller who was employing a huge internal sales force and massive television advertising. It was necessary to identify the costs of each method of sale. Unfortunately, my view did not prevail, although I argued strongly in favour of it. Had it prevailed, we might not have seen the level of misselling that ultimately occurred.

The hon. Member for Workington mentioned the Coopers and Lybrand report, but did not mention that the report showed that there was considerably less misselling of products sold through IFAs than of products sold by direct sellers such as banks and some building societies. There would have been a good deal less misselling if more people had employed the services of IFAs. Here ends the plug. I was provoked into that statement, and it has nothing to do with the main thrust of my speech.

The Labour party likes to pretend that it is the great party of pensions, and that pensions derive from its activities. A little history lesson might be worth while. During the last century, people such as the Rev. William Blackley and Charles Booth were active in stirring the public conscience in regard to the plight of the elderly poor, but in many respects we have followed New Zealand and Australia. It was the New Zealand Government's introduction of a non-contributory pension scheme in 1899 that led a Select Committee in the House of Commons to recommend the introduction of a means-tested scheme in the following year. It took a while for the House to get around to it, but the result was the Old Age Pensions Act 1908, which provided a means-tested pension at a maximum of five shillings a week for all those aged 70 and over.

Similarly, it was the example of Australia and New Zealand that led to the Old Age and Widows' Pensions Act 1940, which reduced the pensionable age of women from 65 to 60. Subsequent Governments may have had cause to regret that. The example of what has happened in Australia and in other countries such as Singapore, Chile and Argentina has led to the productive all-party debate about the ways in which pension provision can be reformed and improved.

I am the first to salute some of Labour's ideas, in particular those from the Minister for Welfare Reform, about the way that we might move forward in pension provision. In the all-party group which I have the honour to chair, there has been much discussion about how to ensure that future generations have a better deal than the present generation.

Our current system derives principally from the post-war Beveridge report and the consequent National Insurance (Industrial Injuries) Act 1946. It is often forgotten, especially by Labour Members, that Beveridge argued that it would be prohibitively expensive to proceed with an old-age pension that would subsidise people to the point at which they did not need to make their own savings. He envisaged that the best that the state could do would be to supplement savings. He said that it would be impossible to pay pensions immediately, because it would require at least 20 years to build up a fund sufficient to start paying them. The post-war Labour Government decided to ignore that advice and to proceed on a pay-as-you-go basis whereby current taxation funded current pensions.

Britain has provided no state fund to allow an accumulation of funds to guarantee future payments. That is why successive generations of pensioners have depended on the good will of the Government of the time rather than on an accumulated fund. It should be remembered that the Labour party, to its credit in some ways, had a scheme whereby the Government paid the higher of earnings or inflation. However, because inflation was so high in 1978, the Government could not keep up with uprating pensions in line with inflation and that system was effectively abandoned, to the fury of some of their Back Benchers.

As the hon. Member for Hornchurch (Mr. Cryer) said, the Conservatives restored the link with prices in 1981, but they did not restore the link with earnings. Since that time, successive Governments have recognised that there is a need to improve the way in which saving is carried out for retirement. In 1958, the Conservative Government introduced graduated pensions and there were, subsequently, state earnings-related pensions. Both had significant disadvantages, which led to their effective abandonment.

The great debate today in much of the rest of the world is whether there can be a scheme under which people will have to save to build up a fund out of which pensions can be guaranteed without the need to rely on state munificence. There have been many reports on that. There has been a series of seminars and a "Panorama" report, and the Adam Smith Institute produced proposals for "fortune" accounts. Probably the most notable work was Sir John Anson's retirement income inquiry under the auspices of the Institute for Fiscal Studies. All those studies have contributed greatly to the debate, and I hope that they will contribute to future Labour proposals.

Belatedly, we have recognised that none of our present arrangements will address the scale of the problem that will address our society in the next century. In 1960, our working age population was 32.5 million and it supported a pensionable age population of 6.1 million. That is a support ratio of 5.3:1. By 1991, the pensionable age population had grown to almost 9 million and the support ratio had fallen to 4:1. It is predicted that by 2050 the working age population will have remained fairly constant at about 33.8 million, but that the number of people of pensionable age will have grown to 13.5 million, which gives a support ratio of only 2.5:1.

Even those figures, which are fairly dramatic, underestimate the true scale of the problem because they relate only to people of working age and not to the percentage of the population who are in work. If they were so related, the support ratio would be even more alarming. Clearly, without some urgent action to encourage future funded provision for retirement, the burden on the future working population will be unsustainable.

I have spoken about the actions of some Governments to reduce their liabilities. It is true that the old-age pension has fallen relative to average gross male earnings from 20 per cent. in 1950 to 15 per cent. today. If nothing is done, it will fall to about 9 per cent. by 2030. The cost of restoring the purchasing power to 20 per cent. would be £6.6 billion a year immediately, and almost £50 billion a year by 2030. Plainly, we need an alternative strategy.

[Mr. John Butterfill]

These problems have been considered by my own committee, the all-party group on occupational pensions, and in some detail by the Select Committee on Social Security, which produced an interesting report on unfunded pension liabilities throughout the European Union. That report is worth reading because it shows the scale of the problem. By 2030, if nothing is done in the rest of the European Union, the net present value of pension schemes relative to gross domestic product in European countries will be 98 per cent. in France, 113 per cent. in Italy and 139 per cent. in Germany. It is because we have such a large provision of personal pensions that our position is significantly better at only 19 per cent. of GDP. However, even here, unless we take some dramatic action in the near future, the problem will be entirely unsustainable.

Given that scenario, one might have thought that the Government would take steps actively to encourage personal pensions and the provision of pensions by employers. However, their vandalism in relation to advance corporation tax is precisely the reverse. That is not just the opinion of the Opposition. I am sure that Labour Members will have received press releases from almost everybody who has any interest in these matters. Writing of the Government, the Pensions Management Institute states:

"it is very disappointing to see them introducing measures which . . . will have a negative effect on long-term pension provisions."

Oxfordshire county council says that the Government's proposal will cost it an extra £2 million a year and Sainsbury says that it will have to double the amount that it contributes to its pension scheme if it is to avoid loss. The list goes on.

The Association of Consulting Actuaries is even more critical, and says, as we have heard, that abolishing ACT credit will reduce pension funds and pensions by up to 11 per cent. The amount that will have to be saved by those who have made private provision will go up and up, because it is not just those who are saving for a long time for the future who will be affected, but those who are about to retire.

The switch which is already taking place from investment in equities to investment in gilts, which is necessitated by the measure, has meant that the yield from gilts, and therefore from annuity rates, has fallen. People who are retiring now and buying annuities with savings from their pension schemes will immediately get smaller annuities than they expected. Therefore, the Labour party has robbed a generation of people of decent pension provision that they thought they had provided for themselves. It has taken that from the most prudent people in society—those who have bothered to save. What sort of message does that give, when we all know, as I have tried to demonstrate, that we need to encourage more saving?

Moreover, requiring companies to make enormous additions—and we have heard what Sainsbury thinks of the proposal—to their final salary schemes will mean the death of such schemes. They have already been declining. There are fewer than 5,000 in the UK with more than 100 members and 16 per cent. of smaller companies have closed their final salary schemes as costs have risen.

That process will continue. I predict that, unless the Government reverse their policies, final salary schemes will, effectively, be abandoned by employers throughout this country. Many major employers are already openly saying that, for new employees, they will not have a final salary scheme; it will only be money purchase. The people who will suffer are future pensioners.

I could go on much longer, but I realise that many other hon. Members wish to speak. However, I urge the Labour party to return to the consensus that I thought was beginning to be built before the last general election. We should consider ways of not just encouraging but perhaps even requiring people to save for their future—to build up for every individual a fortune account, a rainy day account, something that people can access when they become terminally ill or irreparably sick, or when they retire.

If we do that together, we will have fulfilled our duty to the retirement population. However, if we gone down the road that the Labour party has gone down—of believing that, by subterfuge, it can take money away from pensioners and pretend that it is not happening because most people do not understand how ACT works—we face disaster.

8.1 pm

Kali Mountford (Colne Valley): In recognising the number of declarations of expertise and interest that have been made in the debate, I feel forced to declare that my only interest is that of my constituents. When even my hon. Friend the Member for Hornchurch (Mr. Cryer) makes a declaration of interest, I find myself surprised and disadvantaged in that regard. I hope that my contribution is none the worst for that. After all, it is my pensioners' experiences that should be informing the debate.

The shadow Chancellor of the Exchequer pointed out that there are only two sources of income for any pension revenue: that of the individuals who make a contribution to their own pension plan and that of individuals who make a contribution in their working life to their state pension. I would not disagree with that. Nor would I disagree with the fact that we have a growing, aging population and that we face challenging demographic changes, but is that not why this is the right time to have a proper pension review and to examine everything that informs how we decide our security in retirement?

It does not seem logical that taking those two things on board—how we bring revenue together and how we stack that up so that we can afford to pay for a proper retirement for our aging population—should lead us to accept the basic pension plus scheme because, as we have to accept, pensioners are already struggling. For example, about a third of them are already on means-tested benefits and there was nothing in the scheme to help those pensioners. This is the right time to say to our poorest pensioners that we need to do something to help them and that we will talk to them about what it is exactly that they need.

It seems to have been suggested, certainly by the hon. Member for Bournemouth, West (Mr. Butterfill), that people have to be prudent and to save. Let us remember that many of our constituents are not in a position to do that. In setting up my pension arrangements, I was advised that I had to invest at least 10 per cent. of my salary to get a good return and to have a good basic pension. Many

of my constituents are not in a position to make a contribution of 10 per cent. of their salary, if they have one. Many of them are low-paid and make some provision for their old age.

I am concerned that, when those people draw that private pension, which they have prudently saved for, they will be disadvantaged by the anomalies in the means-testing system. I hear many complaints—I am sure that all hon. Members do—from constituents who have made investments and who find that they do not enjoy any advantage because they are precluded from means-tested benefits.

Would it not be more sensible to consider the whole package of arrangements for the elderly in our communities to ensure that a review takes account of those matters? Basic pension plus did not seem to provide for that. Indeed, it seemed to place an extra burden on my youngest constituents. During the election campaign, many 20-year-olds were concerned because they would rightly be required not only to pay for the pensions of the elderly who have already paid their national insurance contributions and rightly expect to receive a state pension—the most common complaint among pensioners in my constituency is that, in making their NI contributions all those years ago, they felt that they were making an investment and they now find that those contributions have been eroded—but to pay for their own pensions in private schemes, to the tune of perhaps 10 per cent. of their income.

That is a big burden for young people at a time in their lives when they might be buying a house on a mortgage or repaying a student loan. There is a heavy burden on them already. It does not seem fair that my constituents should bear that burden. For that reason, I was not impressed with basic pension plus, and nor were my constituents.

Mr. Duncan Smith: I suggest that, if the hon. Lady is that interested in basic pension plus, she should read it properly. The whole process was bound around rebates over the lifetime of people's contributions to guard against just the problems to which she has referred. She also has to address the other point: that the Minister for Welfare Reform is bound to consider the issue and that he will then have to take into account the process of the national insurance fund never having been a fund for people in the future.

Kali Mountford: It seems that the hon. Gentleman accepts the fact that this is the right time for a review. That is exactly what I am saying. We have to review the whole pension situation. To come up with a plan without proper consultation—certainly my constituents were not consulted—and to pre-empt the decision—

Mr. Duncan Smith: There was to have been a Green Paper.

Mr. Kevin Hughes (Doncaster, North): Keep going.

Kali Mountford: I shall keep going. I thank my hon. Friend for that advice. This is the right time for a review, and my constituents will welcome it.

Pension misselling caused some of my young constituents to be concerned about whether private pension provision was a sound investment. For example, the constituent I mentioned earlier lost nearly £7,000. He took his case to the ombudsman and is still waiting for a reply. He is dissatisfied with the way in which he has been treated. It will seem a little rich to him for Conservative Members to talk now about pension misselling. He will want to know—certainly I want to know—why they have waited until now to discuss pension misselling.

Why was it not dealt with a long time ago? Is this not the right time to have proper regulations? In fact, it is not the right time: it should have been done at the beginning. It is wrong to have a financial market that is not regulated properly, with the result that my constituents, who have small sums of money available to invest, lose a lot of money. If there was any robbery going on, it was of my constituent, as he would tell hon. Members.

My constituents and I feel strongly that change is necessary and I think that the whole House agrees with that. The question is whether we will get the balance right between the contributions made to the pensions system from the state sector and the contributions made in the private schemes. We need to have regulations and proper thought in place to ensure that all our pensioners are dealt with fairly and properly.

8.10 pm

Mrs. Eleanor Laing (Epping Forest): The Chief Secretary to the Treasury said this afternoon that the Government's Budget plans are plans for the long term. In fact, they are the exact opposite; they are short-term plans designed to raise money to satisfy the appetite of the new Government for immediate public spending. It is a perfect example of that old adage:

"You can fool all the people some of the time, and some of the people all the time, but you can not fool all the people all of the time."

I must tell the Chief Secretary that he has not fooled Conservative Members because we know what his plans for changes to ACT and the windfall tax really mean to the people of Britain.

The Government want the country to believe that the windfall tax is a tax that nobody has to pay. That could not be further from the truth. It hits the very people who should not be hit by any taxes. If the Government were really planning for the long term, they would be encouraging people of all ages and all financial capabilities to invest for their retirement.

In fact, the Budget discourages investment in pension schemes because it reduces people's confidence in them. My constituents have, quite rightly, been putting their money into pension schemes year after year, believing that at the end of their investment time they would receive a certain sum. The new Labour Government come along and simply take money out of the schemes, thereby reducing the amount of money that will be available for all our constituents when they need their pensions and reducing confidence in pensions as a safe form of investment. That is happening at the very time when we most need to encourage investment in pensions.

The hon. Member for Pontefract and Castleford (Yvette Cooper) who, sadly, is not in her place, said that Conservative Members have a new-found interest in pensions. That is simply not so—it could not be further from the truth. In fact, we recognised many years ago that, for various reasons, it was essential to encourage people to make investments in pension schemes to look after

[Mrs. Eleanor Laing]

themselves and their families when they no longer worked. We recognised that because we read the simple sign—what is sometimes referred to as the demographic time bomb.

Mr. Paul Flynn (Newport, West): That is a myth.

Mrs. Laing: It is not a myth.

Mr. Flynn: I refer the hon. Gentleman—*[Interruption.]* I apologise. I refer the hon. Lady to a splendid volume by the hon. Member for Havant (Mr. Willetts) called "The Age of Entitlement". It contains a chapter on the myth of the demographic time bomb. It describes how previous Governments have exaggerated the effect of the baby boomers reaching retirement age in order to impose on the country a system of private pensions rather than national pensions.

Mrs. Laing: I am afraid that the hon. Gentleman is wrong on two points. I thank him for apologising for his first mistake and recognising that I am an hon. Lady. However, I am afraid that the hon. Gentleman is wrong on his real point.

Mr. Flynn: Read the book.

Mrs. Laing: I understand what the hon. Gentleman is saying about the book, but even if there has been an exaggeration, there is still a demographic time bomb. There is no doubt about that. Currently, the ratio of people in work to those drawing a state pension is about 3.3:1. When I and other people who have recently become Members of the House reach retirement age, that ratio will be about 2.4:1. Even if some of the stories about the demographic time bomb are slightly exaggerated, there is still an issue that must be addressed. The previous Government were addressing it and the new Government are doing the exact opposite.

My hon. Friend the Member for Bournemouth, West (Mr. Butterfill) gave us some salient figures on this. I will not attempt to repeat them, but they can be read in tomorrow's *Hansard*. My hon. Friend's analysis was right. Because we have recognised the extent of the burden that would fall upon public expenditure in 20 or 30 years in providing for pay-as-you-go pensions, we have taken steps over many years to encourage investment in private pensions. That has been done by providing incentives, and it has worked. Although the hon. Member for Newport, West (Mr. Flynn) does not recognise this point, the Minister for Welfare Reform does recognise it and he has taken up the recommendations of the Anson report, which was also referred to in detail by my hon. Friend the Member for Bournemouth, West.

The Anson report, backed by the Minister, recommends that it is necessary to impose a second pension on most of the earning population of this country. The attitude of the previous Government, which I thoroughly supported, was that imposition of that sort was unnecessary and that there should be encouragement rather than imposition. Therefore, incentives were put in place and the encouragement worked. As a result, the United Kingdom has more than £600 billion invested in funded pension schemes, which is more than the rest of the European Union put together.

I was most amused when the hon. Member for Hornchurch (Mr. Cryer), who is also not in his place, spoke about the fact that in recent years we have seen strikes in France and Spain because their Governments were cutting state pensions. That is not surprising.

Mr. Bercow: We will see them in Britain now.

Mrs. Laing: I would not be at all surprised.

Matters were dealt with differently in France, Spain and other European countries because those countries failed to take the necessary steps early enough to create funded pension schemes which would produce a real level of income for their populations on retirement. It is not at all surprising that there were riots in France and Spain, and we would not be surprised if the Government's lack of financial planning brought about such a result in this country, although none of us would want that. Because of the incentives to invest in pensions, in 20 or 30 years' time, when many of us will be in need of pension provision, the state pension fund will not have to support so many people, so the burden on public expenditure will be very much less.

If the Labour Government were really interested in planning for the long term rather than for the short term, they would not have been so critical of the basic pension plus plan proposed by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) when he was Secretary of State for Social Security. That plan was the right answer to the problem.

The hon. Member for Colne Valley (Kali Mountford) misunderstood what the plan was all about. I can forgive her for that—indeed, I have every sympathy with her—because she probably listened to the misinformation put out by the Labour party last April. It is not surprising that she misunderstood it—so did millions of others who were made afraid of what would happen in their old age, when exactly the opposite was the truth.

It does not matter what the Labour Government say now: the basic pension plus plan will have to come in at some time. Demographic developments over the next few decades will prevent the pay-as-you-go scheme from continuing. It will not be sustainable, so basic pension plus, or something similar, will be introduced. My hon. Friends and I will not be surprised if, in a few years' time, the Government publish a Green Paper which they will call by some other name, but which in fact will be basic pension plus. It will have to happen.

The difference in attitude between the Opposition and the Government is that we believe in encouraging saving and investment and in changing the culture of state dependency by giving people the opportunity and the incentive to save and provide for themselves and their families. We want to help people to look after themselves and to encourage families and family life. The Government simply produce policies that do the opposite.

There is great disappointment in my constituency with what the Government are doing. Those who have worked hard and put their money into pension schemes or some other form of savings, or who are small shareholders in the privatised utilities, are very disappointed that, having tried to provide for themselves, the first thing the new Labour Government do is take their money away from them and diminish their savings. Of course, it comes as no surprise to Conservative Members.

The hard-working people of Epping Forest want to know what the Government intend to do about funding their future pensions. Unless there is some sort of plan that encourages even more private investment in pensions than to date, in 20 or 30 years' time the burden on the public purse will be very heavy. Instead of continuing with Britain's advantage over the remainder of the European Union—indeed, the rest of the western world, as no country has such well funded pension schemes as Britain—and the benefits built up by the Conservative Government over the last decade and more, the people will be disappointed, and Britain will suffer the same problems as France and Spain.

8.24 pm

Mr. Paul Flynn (Newport, West): During the dying days of the Conservative Government, they introduced three wheezes designed to win the election. One was basic pension plus; another was the plan to privatise residential homes so that elderly people would have no choice other than to go into private homes; and the third was to buy a new royal yacht with public money.

That prompted me, at the time, to ask a Government spokesman whether there was truth in the old saying that those whom the Gods wish to destroy they first make mad. Those three proposals did a great deal of damage to the Conservative party, and resulted in it being wiped out in my country of Wales, in Scotland and in Cornwall, leaving only a small number of Members on the Conservative Benches.

Those of us who are old lags in these debates will remember that, on 12 March, we discussed basic pension plus, when the Secretary of State announced, in all its glory, that, when it matured, a man on average earnings retiring in 2040 would get a total pension of 18.1 per cent. of earnings. That is a disgracefully poor level—something to which we have not descended over the past 50 years. It was a very poor scheme.

I am not trying to be wise after the event on the question of the misselling of personal pensions. I will not quote the question I asked Baroness Thatcher in 1989 and 1990 on that issue.

I took Barclays bank to the Advertising Standards Authority for what I thought was a wickedly deceptive advertisement. To sell its personal pensions, Barclays gave away two free tickets to the cinema. I also complained to the relevant authority about the advertising by Midland bank. If one wants to destroy something, one gives it a bad name. A serp was an oleaginous creature that looked thoroughly repulsive—not something anyone would want around his home. The advertisement said, "Don't be a serp, when you could get yourself the sum of £5,000."

The Conservative party has no sense of guilt about what it did at that time. It was not offering a gift, just a refund of the contributions people had paid. It was an unjustifiable incentive—popularly known as a bribe—through the national insurance scheme, and was entirely inequitable for those who did not take out personal pensions.

I commend to hon. Members not only "The Age of Entitlement", but "Ruling Britannia" by Andrew Marr, which examined two laws passed which demeaned the House. One set up the Child Support Agency, and the other brought in personal pensions. If we want to modernise our procedures, it is important to look at those failures.

Only one Member who served on the Standing Committee foresaw the dangers of personal pensions. All through the mad years of misselling, the Conservative party was made aware of what was happening, but did nothing about it. Many Conservative Members would cheerfully declare an interest before speaking in debates, because they were profiting either directly or indirectly from the bonanza of misselling. About 2 million people were involved. We know the derisory number of people who have since been compensated. I am very happy that Ministers are taking on pension companies, as the previous Government should have done but never did.

Beveridge has already been mentioned in this debate. It is worth remembering the point behind the Beveridge reforms, and the words of Beveridge himself. He talked about the "gross inefficiency" of contemporary pension schemes—particularly industrial pension schemes, in which a man from the Pru or the Wesleyan and General came round houses to collect 1s 7d a week.

Beveridge said that, for every pound saved in those schemes, 10 shillings—one half the amount, for those hon. Members who are so young that they do not know or remember—was lost in commissions and because of the inefficiencies and multiplicity of the companies involved. It was a hugely wasteful system, which was why Beveridge argued for a national insurance scheme.

The hon. Member for Epping Forest (Mrs. Laing) referred, presumably to people who are not in private schemes, as "dependent". They are, however, making contributions to the state pension and to the SERPS scheme, and their pension is not a handout, a gift or welfare, but part of an insurance scheme. Beveridge said that, if we ran the scheme as a national one, we would cut down on administration charges.

Mrs. Laing: I certainly did not mean to imply that there is dependency. I was making the point that we have a pay-as-you-go scheme, which is a perfectly reasonable scheme for those who have worked hard all their lives and paid into it. They paid for the previous generation, and the current generation is paying for those who are now retired. They worked hard and paid into the scheme.

The point is that, in future, there will simply not be enough working people to pay for retired people. I entirely accept the hon. Member's point that that is not dependency, and that people are simply drawing money that they have paid in.

Mr. Flynn: That is based on the assumption that our working life will remain as it is. Someone who is aged 62, such as myself, may feel that he or she is approaching the peak of life and intends to work for a very long time. Most people of my age feel that way. Some people presume a very static life style, and assume that things will not change, but things will change enormously. Elderly people such as myself feel very patronised when we are told that we will have to retire at 60 or 65. In the next century and possibly before, people will make worthwhile contributions way beyond the age of 60 or 65.

I should, however, reinforce the point made by the hon. Member for Havant (Mr. Willetts) in his book. He supported the previous Government's exaggeration of the

[Mr. Flynn]

myth of a demographic time bomb, because he was not in favour of SERPS, which he thought was inequitable as a system.

There is no doubt, however, that the Government have worked on the "time bomb". We have long been aware of a demographic time bomb, and of baby boomers—one of whom is now President of the United States—who would fill the school system when they were teenagers. We know that there will be such a time bomb. We also know when it will start and when it will finish. It will, however, last for a finite period, and we cannot allow it to distort all our policies.

My questions are mainly for Ministers. I should, however, like to remind Conservative Members who were Ministers in Conservative Governments for all those long years of the promise made, in June 1979, by their then spokesman, Lord Jenkin, when he was defending the proposal to break the link between pensions and average earnings. He said that he wanted to

"make it clear . . . that it remains the Government's firm intention that pensioners and other long-term beneficiaries can confidently look forward to sharing in the increased standards of living of the country as a whole."—[*Official Report*, 13 June 1979; Vol. 968, c. 439.]

That is a significant promise. The next day, he commented on a proposal to retain the earnings link in a modified form, and claimed that the Government's proposal would have the "same broad effect". That was a very clear promise on retaining the tie.

Far from having the "same broad effect", however, breaking the earnings link has resulted in today's pensioners losing more than £20 a week. I asked the Library to provide me with the latest figures, and was told that the basic pension is now £62.25. The Library estimates that, had pensions increased in line with earnings, that figure would be £87.

Ministers argue that, on average, pensioners in 1997 are better off than pensioners in 1979. The reason, of course, is that most of those who were pensioners in 1979 are no longer with us, because they have died, and many current pensioners are benefiting from the previous Labour Government's pension legislation, receiving a combination of SERPS—which is now a considerable sum if people have been paying into it since the late 1970s—and increasingly valuable occupational pensions.

The picture is very different for those who are now in their 80s and were over pension age in 1979. Since 1979, there has been no increase in their living standards, although average earnings in real terms have increased by at least a third. Even people retiring today are not that well-off. They need an occupational or SERPS pension of at least £20 a week simply to make up for what has been lost in the basic pension. Under the Tories, unemployment among older workers deprived many of them of an opportunity to contribute to any type of second pension.

The promise in the Labour manifesto is now in early-day motion 1, which I recommend that all hon. Members read, because it will be referred to many times in the next 12 months. The manifesto promised:

"We believe that all pensioners should share fairly in the increasing prosperity of the nation."

There are many ways in which some pensioners can share in increasing prosperity.

Mr. Letwin: Does the hon. Gentleman agree that it is slightly odd to begin a programme enabling all pensioners to share in the nation's prosperity by taking £5,000 million a year from those pensioners?

Mr. Flynn: Does the hon. Gentleman think that it is equitable that tax advantages were enjoyed by some pensioners but that there were no tax advantages on SERPS contributions? Does he think that it is equitable that a sum was taken out of the national insurance fund, which is the property of everyone, to benefit a small number of pensioners who joined personal pensions?

That is what happened. One group of pensioners—those who were bribed to leave decent occupational schemes, or unwisely advised to leave SERPS—gained advantages that other pensioners did not receive. As it turned out, many of them suffered because they were badly advised in that. The system is already inequitable for those who contribute to SERPS.

Mrs. Gorman: Is it not a fact that state earnings-related pension schemes are not funded, that they come within the group of pensions that are forked out for by current taxpayers? What is so wrong and wicked about what the Government propose is that they are taking money from people who are setting aside something from their net income for their old age. That is the trick which the Government are playing on people.

Mr. Flynn: I am shocked by the hon. Lady's immoderate language. Tomorrow I shall send her a copy of a pamphlet entitled "Our Pensions", written by Tony Lynes, which has a splendid forward by the hon. Member for Newport, West. I am sure that she will enjoy it greatly. It maps out ways in which SERPS should be reformed; the main suggestion is that it should become at least a partly funded scheme.

If we are to continue with a pension for the next century, SERPS should be funded. I am sure that, having read the pamphlet, the hon. Lady will join us in our enthusiasm for SERPS. It is also suggested that SERPS should be managed independently of the national insurance scheme, and run by managers who will be responsible for maximising and investing much of the fund.

The basic advantage of SERPS and other state schemes is that the total cost of administration—the wasted money—is only 2 per cent., or, in many years, even less. Someone investing in a private scheme now will lose a minimum of 25 per cent. in commission, charges and administration. Someone who does not contribute to the scheme for a long time could lose 90 or 95 per cent.

How could Conservatives talk about the advantage of money purchase schemes without saying what a gamble they are? They encouraged people to join such schemes, but, if they study what happened to annuity rates between 1990 and 1994, they will find that someone who was to retire in 1990 but put off his retirement until 1994 and who was a customer of Norwich Union—the position is the same with other, similar companies—would have lost 35 per cent. of his pension. A third of his pension would have gone because of changes in the annuity rates and what they could buy.

Money purchase schemes are a gamble, far worse than any other scheme. The previous Government deliberately encouraged 6 million or 7 million people, or however many it was, to join such schemes, even though no one can say what the annuity rates will be in a month's time, let alone in 20, 30 or 40 years. The precise figures of the terrible losses are only wild estimates, and could be miles out. The Opposition are taking a cynical view of what the Government are doing.

Mrs. Gorman: The Government are talking about the surpluses of the invested pension funds, but these are sums of money built up by wise investment by the people who operate the funds. The money belongs to the people who invested, and it is that money which may mean that, by the time they come to draw them, their pensions are often much higher than they expected. It is that money—the so-called surpluses—which the Labour party is seeking to plunder.

Mr. Flynn: The Government are removing an unfair advantage that people contributing to some schemes have. If the advantage is spread to SERPS, it would be equitable. It has never been enjoyed by people contributing to SERPS. Why on earth should one favoured group enjoy it simply because the previous Government wanted to unload what they saw as the burden of the state pension?

Mr. Letwin: Will the hon. Gentleman give way?

Mr. Flynn: I was going to conclude, but I shall certainly give way to the hon. Gentleman.

Mr. Letwin: I am doubly grateful to the hon. Gentleman for giving way again.

I fear that it is necessary to repeat the question asked by my hon. Friend the Member for Billericay (Mrs. Gorman), but perhaps I can put it a little more clearly. Does the hon. Gentleman agree that, if SERPS were an unfunded scheme, as it has been until now, it would not have made a jot of difference to the entitlement of those in it had they had received or not received the tax credit, because the money would have been absorbed in the Consolidated Fund without any increase in the entitlement?

Mr. Flynn: The hon. Gentleman is tempting me to go over what happened under the previous Government with the Treasury supplement. I do not know whether he is familiar with the supplement, which was paid for a long time and removed by the former Leader of the House when he was at the Department of Social Security. That was the chief loss to the national insurance scheme in that period.

The previous Government played fast and loose with the national insurance scheme by raiding it. That is why we all agree that we need reforms and new schemes. Instead of the complications, waste, huge commissions and inefficiencies of the private pension industry, we would be better of with one national scheme that was run very efficiently.

I shall conclude by speaking about my party's approach to pensions. My hon. Friend the Minister listed in awritten answer on 30 June ways in which all pensioners could share fairly in the increasing prosperity of the nation. He said that it would be

"through contributory pension entitlements, through other benefits, or through the income derived from savings."—[*Official Report*, 30 June 1997; Vol. 297, c. *65*.]

However, the only means that anyone has so far suggested by which all pensioners could share in increasing prosperity is to restore the earnings link for the basic pension.

We are aware of the problems involved, but that is what my party—now the Government—should be aiming at. Even if we do that, we shall not be helping those dependent on income support above their basic pension, so we also have to increase the earnings link for them. I believe that this splendid, magnificent, reforming Labour Government will do that, and we look forward to a golden age of pension reform.

8.44 pm

Mr. David Prior (North Norfolk): I represent a constituency to which many people retire. Pensions are a key consideration, as they were throughout the general election campaign. The withdrawal of the advance corporation tax credit has come as a complete bombshell to my constituents, and to all those other thousands of people who are saving now to be self-reliant when they retire. I want to know whether the Labour party planned the abolition of the ACT credit before the election, and, if so, why it was not in the Labour manifesto. I hope that that question will be addressed in the Minister's winding-up speech.

Hon. Members on both sides of the House accept that, over the next 40 years, the proportion of the population aged over 60 or 65 will grow significantly, and that the elderly will be supported by a static or declining working population. The support ratio, referred to by my hon. Friend the Member for Bournemouth, West (Mr. Butterfill), which measures those of working age as a proportion of those of pensionable age, is predicted to worsen from 3.3:1 in 1990 to just over 2:1 in 2030.

As medicine continues to advance, that position will deteriorate further. It is anticipated that the number of over-75s will increase from 3.9 million in 1990 to 6.3 million in 2030. The consequences, not only for pensions but for community care, health provision and long-term nursing, are enormous.

How is that to be financed? There is a limit to tax-financed public spending, which even the Government seem to recognise. Today, public spending on old people amounts to half the total social security budget, or some £40 billion per annum. The current pay-as-you-go unfunded state pension will become increasingly expensive for future working generations as the population ages. The Government Actuary has calculated that, at current prices, spending on retirement pensions will be £55 billion in 2030, compared with £29 billion in 1994–95. That increase will have to be funded by fewer working people.

Like all Conservative Members, I had hoped that there was a growing cross-party consensus that private pension provision, as a supplement to state provision, was a crucial part of the answer to the problem. The problem will not go away: just as one cannot buck the markets, one cannot buck the demographics. Even the European Commission has cottoned on to that, as can be seen in a Green Paper published on 10 June this year, called "Supplementary Pensions in the Single Market".

[Mr. David Prior]

Those in continental Europe are in a far worse position that we are and I shall quote some statistics to illustrate that. Pension fund assets as a percentage of gross domestic product were 3.4 per cent. in France, 5.8 per cent. in Germany, 1.2 per cent. in Italy, 2.2 per cent. in Spain and 80 per cent. in the United Kingdom. UK pensions investment is some £650 billion—more than the rest of Europe put together. Our pensions industry has been one of the great success stories of the last Conservative Government, and it would seem that the Commission has started to see the light just as the Labour Government begin to close their eyes.

The Commission's Green Paper concludes:

"Improved returns on pension fund investments are in the interests not only of workers, who have to contribute out of earned income to their pension schemes, but also of employers who also contribute. Reducing the costs of supplementary pensions for employers cuts the cost of employing a person and so directly contributes to creating jobs and to economic growth".

To most people, that is a statement of the blindingly obvious, but not to the Government, who have just increased the cost of pensions by abolishing the ACT credit. It is bad for investment, for jobs, for competitiveness, for the public finances, for pensioners and for future pensioners. The National Association of Pension Funds said that the Budget had been

"the biggest attack on funded pension provision since the war. It will affect not only companies, but millions of ordinary people."

The Chancellor believed that he had found the perfect way to raise money without anyone noticing. This was to be the perfect crime, because there was no apparent victim. Attack personal pension funds and companies with defined benefit schemes, and, it might be thought, no voter will notice—but of course they will. The 28,000 employers with final salary schemes, with 11 million members and 7 million existing pensioners, will notice, as will the 7 million individuals who have taken out their own personal pension plans.

There can be few worse examples of short-termism than raiding people's long-term retirement savings to finance today's Government spending. If this is, to use the Prime Minister's elegant phrase, "long-termism in action," Lord help us.

The long-term funding of pensions is one of the great issues confronting all developed countries. Self-provision for long-term savings must play an important role. Surely the Minister for Welfare Reform, at least, will agree with that.

The removal of the ACT credit is opportunist and short-term. It is robbing tomorrow to pay for today. It is penalising millions of people who were taking responsibility for their old age. In its first Budget for 18 years, Labour has shown that it cannot be trusted with the nation's pensions.

8.51 pm

Liz Blackman (Erewash): If I had not come to the House as a result of the general election of 1 May, and had stayed in my job, give or take a few days I would have taught young people for 25 years. I invested a great deal of time and energy in those young people, but for many years I knew that their prospects of equipping themselves properly with skills that the country needs and of obtaining secure and rewarding jobs had been capped by the performance of the economy. I knew that the boom-bust pattern that we came to expect from the previous Government, and the appalling lack of investment in the productive capacity of the economy, would have an impact on their future.

Our manifesto commitment to the electorate was to reverse that position, and undeniably it was overwhelmingly endorsed. Often, on doorsteps in my constituency, I found that older people were worried that we were not giving those young people a future.

The Government will definitely be judged on our ability to sustain and increase economic growth, which means taking tough decisions—no one is denying that—and building an infrastructure on firm ground, not on shifting sands as in the past.

Labour Members have rehearsed reasons why forecasts of the impact of advance corporation tax on pension schemes have been skewed by the way in which actuaries value those funds. We have been presented with evidence that dividend growth in the United Kingdom is high compared with that in the United States of America, where a much more conducive investment climate has been created. The distortion of the tax credit and its short-term impact have been highlighted, as has the inability of management to take unfettered decisions about pension funds.

I have been extremely interested in some of the historical evidence with which we were presented at the start of the debate, showing that Conservative Members, past and present, have justified their approach to removing money from pension funds a few years ago, but have somehow now developed selective amnesia.

There is no denying that we need a root-and-branch pensions review; and that we shall have, with plenty of good discussion. But the people of this country voted for a change this time: they voted positively for a Labour Government who, they knew, would invest in the future and would be fair. Our proposals offer fairness.

8.54 pm

Mr. John Bercow (Buckingham): I listened with interest to the hon. Member for Erewash (Liz Blackman) because I wondered, when she was talking about the mandate and the basis on which the British public had decided to opt for a change, whether she would have the audacity, and possibly also the intellectual power, to be able to demonstrate that in the course of making that judgment the British public had the ability to detect—weeks in advance of the general election—that the Labour party, if elected, and despite the absence in the manifesto of any such commitment, would abolish the ACT credit on dividends. Of course the hon. Lady could not demonstrate that, for the simple reason that there was not the slightest indication for several months before the election campaign, during the campaign or even in the period immediately after it, that that was the Government's intention.

This debate is an excellent opportunity to compare and contrast the records of the former Government, whom I was proud to support from outside the House, and the present Government. We may compare the records of a Government who served this country for 18 years and of an Administration who, to date, have served—or perhaps I should say mis-served—the nation for 69 days. By any

yardstick—even if I were not a partisan contributor to the debate—it would not be difficult to arrive at the conclusion that our rhetoric was matched by reality and that Labour's rhetoric to date has been contradicted by reality.

I am sure that the Minister will not deny that the Conservatives set out over a period a three-pronged strategy. We said that we would uphold the value of the state pension as the foundation of pensioners' incomes in retirement—that was the first prong. The second prong was to encourage individuals, not just by exhortation but by practical incentives, to provide for themselves in their retirement. Thirdly, as a party that believes it is a responsibility of Government to look after those who are unable to look after themselves, we said that we would provide through the taxpayer additional assistance for the poorest pensioners. On all three counts we manifestly succeeded.

The effect of that success is plain for all with eyes to observe. It is plain by virtue of the fact that pensioners today are, on average, 60 per cent. better off than in 1979. It is obvious by virtue of the fact that 90 per cent. of pensioners have recourse to funds other than the state pension. It is plainly obvious by virtue of the fact that 62 per cent. of pensioners have occupational pensions; and by virtue of the fact—this should be the subject of cross-party pride—that the proportion of pensioners who are in the bottom 10 per cent. of income earners has fallen from 35 to 18 per cent. Finally, it is plain by virtue of the fact that by all agreed measures of reasonable living and basic decency, the number of pensioners enjoying the basic elements of a decent standard of living—consumer durables, reasonable incomes, and so on—is far greater than it ever has been. By all those yardsticks the Conservative Government were successful.

The plan of my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), the former Secretary of State for Social Security, to build on that success in pension provision was widely applauded. It received support from the Association of British Insurers and from Legal and General; it also received support from an enormous variety of people with professional expertise and competence in pension provision, because they recognised in the plan the seed corn of a far greater provision for the multiplicity of pensioners today—and, more particularly, tomorrow—than the efforts of any previous Government had been able to devise. So we came up with something that received support not only from the Conservative Benches but from people outside who knew that a time bomb was ticking and that a solution was required.

In the past 69 days, all that the Government have contributed are two policies, the effect of which has been to damage the prospects for tomorrow's pensioners. The first is the abolition of the tax credit on dividends. In simple terms, stripped of jargon and technicalities, what matters and is, I presume, indisputable, is that, as a result of that policy, the amount of tax that pension funds can reclaim will be cut, as sure as night follows day. The consequence of that must be clear for all to see. It means that companies will be obliged to top up contributions to company schemes, which will necessarily impact on the sums that they can devote to other purposes. It seems reasonable to conclude that investment in the company's future will therefore suffer.

I found it extraordinary that, although the hon. Member for Pontefract and Castleford (Yvette Cooper), whom I am delighted to see back in her place, paid close attention to Conservative Members' arguments, which was much appreciated, she seemed determined to deny to herself even the possibility of a reduction in the short term, let alone the long term, of industrial investment by companies as a result of the tax change introduced by the Chancellor. It must logically follow that, if companies must busily top up funds depleted as a result of that policy, something else will have to give. In a sense, there is a cake, and however it is divided its total size does not change. It is therefore not credible to argue that there are no consequences. An opportunity cost is involved in all those decisions and judgments.

Similarly, the damage in respect of the imposition of the windfall tax is clear. One must reflect on the number of shares held in those utility companies by or on behalf of pension funds. It is flippant and unworthy of serious political debate for the Government, with a smugness that ill befits them only 69 days after their return to office, simply to prate in response to our objections that the stock market is doing thoroughly well. If they are so drunk on the temporary enjoyment of their newly acquired power to believe that that state of affairs will obtain for any length of time, they deserve to suffer. Those utilities will be hit and their investment plans threatened. They will be obliged to borrow, which will have implications for the infrastructure. In each and every case, damage will be inflicted.

I challenge the more fiery intellectual powers in the Labour party, of whom some of us have been informed that the hon. Member for Pontefract and Castleford is a prominent example, to dispute and repudiate the arguments that Conservative Members have advanced against what they have done.

The Chancellor of the Exchequer has been masquerading, not just for the past few weeks but for several months, as a long-term visionary. He has been aided and abetted in his task by the Minister without Portfolio, the hon. Member for Hartlepool (Mr. Mandelson). The objective has been to convey to the electorate, especially through the mass media, the impression that the Government are thinking strategically, that they have big ideas and that they possess a concept of a long-term future that will be beneficial.

I regret to say that the reality is very different: the Chancellor has been exposed as a fraud—as a manipulative short-term opportunist, driven by the immediate needs of the moment as he embarks on a smash-and-grab raid on Britain's pension funds and pensioners' interests.

Mr. Deputy Speaker (Mr. Michael J. Martin): Order.

Mr. Bercow: I give way.

Mr. Deputy Speaker: The hon. Gentleman is not giving way; he is sitting down. As he is a new Member, may I tell him that the term "fraud" is not a term that I would like to be used about any hon. Member.

Mr. Bercow: Mr. Deputy Speaker, I apologise unreservedly: I certainly would not want to accuse the Chancellor of the Exchequer of anything ignoble. Perhaps

[Mr. Bercow]

it would be correct to say—and perhaps I will return to your good books, Mr. Deputy Speaker in so doing—that the Chancellor of the Exchequer has been guilty of some bad judgment, and that entirely inadvertently he has given credence to untruths. That might be a more satisfactory description of the way in which he has operated. The effect, I suggest to the House, is the same: the Chancellor gave the impression of long-term provision, but the reality is not only that long-term provision will not best be served by the policies that he has advanced, but that it will be undermined.

My party has long struggled under the disadvantage that historically people have thought that Labour is the party of the pensioner and of pension provision. The truth is proving rather different. We, in a quiet, practical, piecemeal way, have devised policies that will serve the next generation of pensioners. In their first two months in office, the Labour Government have massively damaged the prospects of that effective future provision, which should be the subject not of partisan debate, but of all-party agreement. That is a source of regret.

I invite the Government to reconsider their position, to recognise the dangers of non-consultation and to show some humility in the face of the overwhelming objection to their policies that the affected parties have expressed. If, as a result of that, the Under-Secretary of State for Social Security, the hon. Member for Southampton, Itchen (Mr. Denham)—not tonight, for that would smack of panic, but over a period of weeks—would say to the House, "We were wrong; we made an error of judgment; the Opposition had some valid objections; we have taken them on board; we will introduce different proposals," I and the country would be as delighted as we would be amazed.

9.6 pm

Mr. Oliver Letwin (West Dorset): I should begin by declaring an interest of two kinds—first, as the director of a bank, and secondly, as an individual living in the United Kingdom.

The Budget was announced as a Budget for jobs—a matter of great rejoicing for all who live in the UK. Members on both sides of the House would agree that the generation of sustainable employment is one of the great objectives of the state and society.

Conservative Members understand the logic that was applied by the Chancellor when he proposed the great change in the administration of ACT credits and their removal. That was the logic of managerial economics. The Chancellor told us on Budget day that he envisaged that by removing the tax credit on ACT, he would encourage firms—perhaps even force firms—to redirect the application of their cash flow from paying dividends, an item that the Chancellor may regard as evil, improper or dubious, and instead to direct their cash flow into an item that the Chancellor regards, and which I and Conservatives generally regard, as noble: investment, because only investment in capital machinery and in research and development can keep the UK in the forefront of the industrial world.

That was the language of managerial capitalism, for which Conservative Members are profoundly thankful. For us to be facing a Labour Government who speak the language of capitalism is a state of affairs vastly preferable to that which we might have faced under previous Labour Administrations, had they been returned to office. However, the move that has been made on ACT tax credits—an ostensibly obscure subject—reveals that it is purely the language of capitalism that the Chancellor and his colleagues have learnt, without in the least understanding the way in which the capital markets in this country and around the world operate, or the way in which industry operates in a capitalist economy.

I hope that the House will forgive me if, in the next two or three minutes, I try to illustrate the grotesque error—based on absolute and profound ignorance of the operations of industrial companies—that the Chancellor has made. When large companies—most of the gross domestic fixed capital formation and investment in this country comes from large companies—take investment decisions, their managers have been trained in business schools to apply the test of a threshold rate. They look for a rate of return on their investment that matches the weighted average cost of their capital. In so doing, they make a judgment about the return on investment compared with the cost to them of raising capital.

The ostensibly small change that the Chancellor has introduced will have a clear effect to which many of my right hon. and hon. Friends have alluded: it will lead that great bulk of British funds that currently invest in equities—and which occupy, between them, shareholdings about equal to 75 per cent. of the total equity portfolio of listed stocks in this country—to redirect their investment from this country's equity into fixed debt and equities overseas. That will reduce the supply of funds for equity in this country.

The Chancellor may have advanced to that stage of Samuelson's invaluable work on economics that tells us that, if one removes part of the supply without affecting the demand, one will increase the price. In this respect, capital is no different from any other commodity: if the supply of equity funding is reduced and the demand remains constant, the price of equity funding will rise. The required return on equity capital in this country will rise inevitably and substantially as a result of the Chancellor's current manoeuvre.

There will be no equivalent reduction in the cost of debt financing because—pace Mr. Hutton, who I fear has not reached the first page of Mr. Samuelson's book and who would do well to attend even the modestly socialistic courses in advanced economics offered by the university of Cambridge, let alone the rather better courses available at other universities in this country—the redirection of funds into the debt markets will have not the slightest effect on interest rates for debt because the Chancellor has handed control of those interest rates, rightly or wrongly, to another body: the Bank of England, which will use its efforts in the interest rate domain to control macro-economic considerations and the development of inflation and to manipulate the exchange rate to a degree by setting interest rates.

No amount of increase in funding for debt in this country will reduce short-term—and even, to an extent, long-term—interest rates by any significant degree. The Chancellor's moves will result in an increase in the cost of equity, with no corresponding decrease in the cost of debt. Therefore, the weighted average cost of capital of British industry will rise substantially and permanently. As a result, many investment projects that managers are

allowing through the net because they pass the hurdle rates will fail. Power stations that would have been built, will not be built. Telecommunications switches and large transmission lines that would have been installed, will not be installed. A whole range of large-scale investments in this country will be wiped off the slate.

This is supposed to be a Budget for jobs, but when investment in this country is thus reduced it will have two effects on jobs. First, it will have the direct effect of substantially reducing jobs in civil, mechanical and electrical engineering and in a whole range of construction activities. Secondly, it will have an indirect effect: by reducing the level of investment in this country, firms will be made less competitive, less able to match the activities of their competitors overseas and hence less able to continue to employ people in this country.

In that way—and beyond the issues raised by Conservative Members in many eloquent speeches in the past few hours—the Budget, by changing ACT tax credits, will have an effect on pensions and, through them, a wholly negative effect on jobs. That must be regretted by everyone in this country—not only pensioners, but those who are yet to become pensioners and who would like to have jobs.

9.14 pm

Mr. John Hayes (South Holland and The Deepings): It is with slight trepidation that I follow my hon. Friend the Member for West Dorset (Mr. Letwin), who gave such a lucid and clear explanation of the problems in the analysis that the Chancellor is using in making these changes, but I shall attempt to do so none the less.

A number of my hon. Friends mentioned the background to these changes—a background of British success. The change in the past 18 years in pension provision by individuals and in pensioner incomes has been profound. The difference between the situation in Britain and Europe was also mentioned by a number of hon. Members.

I do not claim to have the expertise of my hon. Friend the Member for Ryedale (Mr. Greenway) in these matters, but I understand the difference between money purchase schemes and final salary schemes. The real growth in pension investment has been in company-based money purchase schemes and in private pension plans.

My hon. Friend the Member for Epping Forest (Mrs. Laing) mentioned that the transition from public to private responsibility provided a foundation for well funded pensioner incomes into the long term which simply will not be matched by a reliance on the state pension, or even on an amended version of SERPS, as suggested by the hon. Member for Newport, West (Mr. Flynn). The simple fact is that the transition from public to private was necessary and is recognised as desirable not only by Opposition Members but by more enlightened Members on the Government side of the House.

The pension plus proposals, which were mentioned a number of times in the debate, would have accelerated that change. They would have accelerated the evolution, which is why they were welcomed during the election campaign by many experts, by the industry and, indeed, by some Labour Members. I mention in particular the Minister for Welfare Reform, the right hon. Member for Birkenhead (Mr. Field), who in an article in *The Daily Telegraph* in February welcomed the proposals outlined by pension plus and was silenced, or at least muted, by his right hon. and hon. Friends on the Front Bench for so doing. The truth is that the recognition of the need to transfer that responsibility to individuals is clear and profound.

The second change I wish to mention is the change in pensioner incomes, which have grown over the past 15 years even more than the average income of non-pensioners. A significant part of that growth has been because of the fact that new pensioners now have more than one income. Their extra income is clearly a personal pension plan or company pension. The number of pensioners who have dual incomes—new pensioners, as people are becoming pensioners every day of every week—is growing all the time. That has to be attributed to the success of the policies, which were mentioned by my hon. Friend the Member for Buckingham (Mr. Bercow), of the Conservative Government over the previous 18 years.

The encouragement of people to make provision for their old age has been highly successful and has led to pensioners enjoying a higher standard of living over the past 18 years than they had previously, and one that is higher than that of their contemporaries in other countries across Europe.

It is precisely because of the difference between us and Europe that my right hon. Friend the shadow Chancellor, when Secretary of State for Social Security, pointed out that, if we threw in our lot with Europe, we would be absorbing a significant burden from across the water, from which we had freed ourselves. He also pointed out that France in particular and Germany to a lesser extent have pay-as-you-go pension schemes and have not made the changes that we have made and would have created a burden on the British taxpayer, which he identified and warned us against.

The consequences of the abolition of tax credits has been well explained already. The net effect is bound to be a diminution of the size of funds and damage to the prospects of those who were hoping to enjoy the benefits of those funds on their retirement. As if that were not enough, we have the double effect of the proposed changes with the impact of the windfall tax, which was well illustrated by the hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood).

The impact of the windfall tax will bear upon the customer, the shareholder and the consumer. Most significantly, it will bear upon funds that invest in utilities that will be affected by the windfall tax. That is a double whammy. We are talking of a double effect. The abolition of advance corporation tax credits and the impact that the windfall tax will have on investment funds are bound to lead to a less rosy picture for pensioners.

If that is so, why have the Government gone down such a road? They have done so because it will bring them immediate financial benefit. There can be little doubt that the argument that the consequences will be invisible, that individuals will not realise that they are affected, thinking that this is some harmless and technical change, is based upon deception. It is a devious political manoeuvre, instead of confronting people with open and honest tax rises. That is the cynical political argument for attacking pension funds. It is an attack on people's futures. They

[Mr. John Hayes]

will not know what is going on and, therefore, they may not react politically and oppose the changes that are being made.

Mrs. Gorman: Will my hon. Friend give way?

Mr. Hayes: No, I understand that I need to speed up rather than give way. I apologise to my hon. Friend. I would normally be happy to give way.

In conclusion—I am moving seamlessly from page three of my notes to page 33—a considerable number of people will be affected by the Government's proposals. A conservative estimate of the numbers involved in the schemes that I have defined is about 7 million. They will be directly and detrimentally affected. I ask Opposition Members, including those on the Front Bench—

The Parliamentary Under-Secretary of State for Social Security (Mr. John Denham): We are the Government.

Mr. Hayes: I still think of those who sit on the opposite Benches as the Opposition because they still behave in a slightly amateurish and shambolic way, as they did in opposition.

I ask the Government: are their measures fair? Are they appropriate? Are they wise? Are they measures that in the long term will attract criticism, approbation or the condemnation of those directly affected and of all those who care about Britain's future, including the future of Britain's pensioners?

9.22 pm

Mr. Iain Duncan Smith (Chingford and Woodford Green): We have had a fascinating debate, partly because so many hon. Members who contributed to it seemed to know what they were talking about. During my period in Parliament over the past five years, that is something of an exception to the rule. I shall tread carefully on this one, so as not to upset those hon. Members who clearly did not know what they were talking about.

We seemed this evening to run out of Labour Members who wished to contribute to the debate. This is not the first time that that has happened. It happened last week on Friday during the Budget debate. I say that only in passing and not as a partisan point.

I wish to refer to many of those who have contributed to the debate, and I shall do so as quickly as possible, given the time, in the form of a list. My hon. Friend the Member for Bournemouth, West (Mr. Butterfill) made it clear that his expertise continues. He continues to illustrate the important points that relate to the issues that we are discussing. My neighbour, my hon. Friend the Member for Epping Forest (Mrs. Laing), made a powerful speech in describing the problems for future pensioners when they come to retire. Her points were well made.

My hon. Friends the Members for North Norfolk (Mr. Prior) and for Bognor Regis and Littlehampton (Mr. Gibb) and my right hon. and learned Friend the Member for North-East Bedfordshire (Sir N. Lyell) spoke about the success of our policies and pointed out that the Government seem intent on attacking ordinary pensioners. They said that the key to our future economic success is the fact that we have so many funded pensions.

My hon. Friend the Member for Ryedale (Mr. Greenway), with his expertise and knowledge, explained the difficulties of sorting out the problem of misselling and why they continue to exist. It is well worth re-reading his speech.

My hon. Friends the Members for Arundel and South Downs (Mr. Flight) and for West Dorset (Mr. Letwin) showed their financial expertise. Their short speeches bear re-reading, because they explained why the Chancellor seems to have misunderstood the way in which markets will invest, particularly the pension fund market. Many of those funds will move into fixed debt or even equities overseas, which is hardly what the Chancellor needed. My hon. Friend the Member for Buckingham (Mr. Bercow) spoke of the Government's smugness and the way in which this measure was presented.

The hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) made a good speech. Obviously, I did not agree with all of it, but I particularly agreed with his attack on the withdrawal of ACT dividend tax credits. He made a straightforward point: how can a £5 billion raid on the economy help to increase the trust of pension companies that the Government must have if they are to reform the pension system? That was a powerfully made point, and the hon. Gentleman seemed to agree with us that, as my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) said, we require a Green Paper so that we can discuss this matter. I am glad that Liberal Democrat Members agree with that.

Many Labour Members made interesting speeches. A number of them wanted to restore the earnings link. I hope that the Minister will tell us whether the Government will succumb to the blandishments and pressure from various Labour Members, especially the hon. Member for Hornchurch (Mr. Cryer). Many of us remember his father, who sat in a similar position in the Chamber, although on the other side. He gave us a hard time, but we respected him for his great skill and knowledge, and I welcome the hon. Gentleman to the House.

Some Labour Members even spoke of moving the goalposts. Many of them attacked the way in which actuaries now calculate the funds, as though, having raided them, this could make it all better by having yet another great Government review. No doubt they will come back to that.

I want to correct the Chief Secretary to the Treasury, because he did not complete the quotation from the former Chancellor of the Exchequer, Norman Lamont. In the final part of his speech, he said:

"when the basic rate is eventually brought down to 20p, tax reliefs for basic rate taxpayers will, of course, be worth 20p in the pound. too. In this Budget, I have brought forward that change by restricting three specific tax reliefs to 20 per cent., not just for basic rate taxpayers, but for all taxpayers."—[*Official Report*, 16 March 1993; Vol. 221, c. 195.]

It was interesting that, in its green budget, the Institute for Fiscal Studies commented on the adjustment to tax reliefs to match the tax. It said:

"By cutting the rate of income tax on dividends to 20 per cent. to be in line with the cut in ACT, the Government of the day ensured that 'most ordinary shareholders' were unaffected by the change."

I am sure that the Chief Secretary wanted to have that corrected before we continued.

The debate has shown that the Budget is a return to Hutton. The Chancellor has put up this screen—that the Government have made these changes for ideological reasons. In abolishing ACT, taxing pension funds, driving down yields and reducing the equity base of British industry, the Budget was structured around that ideology. The Chancellor's critique was clearly flawed, but he has built the Budget around it.

Two points undermine that thesis. First, it is claimed that the majority of United Kingdom companies, particularly pension funds, are short-termist in their stockholding—in other words, in their total investment policy. A range of evidence undermines the credibility of such claims: WM Co., which is one of the most respected companies monitoring fund performance in the marketplace, has found that the opposite happens. Its recent survey found that funds typically hold individual stocks for between eight and 18 years. That is hardly what anyone could describe as a short-term holding.

The Government claim also that, if the pressure on United Kingdom companies to pay high dividends to institutional investors can be reduced, the number of companies spending on research and development will naturally increase—insinuating that it is low as a result of the present position. However, recent research by the City university business school demonstrated that companies that pay dividends are more likely to invest in research and development, and that the R and D expenditure of dividend-paying companies is significantly higher than that of non-dividend-paying companies. That rather blows that one out of the water. My hon. Friend the Member for Arundel and South Downs (Mr. Flight) put that point very well in his speech.

Even given their own ideas, however, rather than increasing long-term investment, pension funds may now ask the companies whose pension scheme they administer to make good the shortfall that will result from increasing the total contributions of their work force. They could even demand bigger dividends from the companies in which they own shares. Both outcomes would reduce, not increase, resources for investment. The Government seem to be hiding behind a smokescreen in claiming that their proposals will change the way in which the market works, and the way in which businesses invest in the future. That is completely untrue.

The most obvious victims of the abolition of dividend tax credits on ACT are the UK's 6 million personal pension holders, and its 750,000 members of company money purchase schemes.

Dr. George Turner: I sat here all evening waiting to hear an argument from an Opposition Member that was worthy of a speech, but I decided not to use the time to which I understood I might be limited.

Will the hon. Gentleman consider the position of a pension company that owns an important manufacturing firm in my constituency? Bespak has just reported a 26 per cent. jump in profits; its dividend is up by 13 per cent., and it has an eight-week investment programme in King's Lynn, in my constituency. As a result of its ownership of that company, the pension company's ACT will be 0.5 per cent. of its capital value. Are we not ignoring the main arguments and dwelling on minor issues, given that the capital value—*[Interruption.]*

Mr. Deputy Speaker: Order. The intervention is far too long.

Mr. Duncan Smith: I suggest that the hon. Gentleman should go out and argue with all the pension fund managers and the pensioners who will experience a heavy loss as a result of the Budget, rather than trying to score points.

Pension Store has found that, for example, a 30-year-old whose fund would have been worth some £258,000 on his retirement at the age of 65 can now expect only £206,000, some 20 per cent. less. He would have to pay an extra £20 a month to make up the shortfall. The young will be hit hardest by the changes, because they have not had the opportunity to accumulate a large fund at the higher rate of return. They also need to invest a higher proportion of contributions in UK equities, the only securities hit by tax changes, to achieve high capital growth at relatively low risk.

The National Association of Pension Funds estimates that approximately 50 per cent. of all occupational pension schemes are in deficit, which lends falsehood to the Chancellor's statement at the time of the Budget. Those funds will be plunged further into deficit by the pensions tax, and many just above the surplus line will join them in deficit. My hon. Friend the Member for Bournemouth, West made that point when he referred to the Sainsbury fund, which I believe will go from a surplus of some £200 million to a deficit of about £30 million.

As many hon. Members pointed out, local authorities will also be in difficulties, because they will find it necessary to raise council tax. The Post Office is now even talking of putting a penny on the cost of a stamp. Local authorities, the Post Office and many others will find that this is a retrogressive tax. The authority in Kensington and Chelsea is talking about an extra cost of £1 million a year. What do the Government propose to do to sort some of this out?

The hon. Member for Putney (Mr. Colman) said that he had received a letter from a Minister in what used to be the Department of the Environment—it is now a new multi-ministry. The letter stated that the problems of financing would be taken into account in the new settlement. Does that mean that there will be extra money? How will this be sorted out?

Employers could be pushed into devolving responsibility for pension provision, and future savers could lose because, in effect, they will have to take a pay cut. It seems that employers will move towards money purchase schemes, which will mean that their contributions will be lower. As a result, employees will suffer a pay cut. Further evidence from the United States shows what happens when savers have to set up money purchase schemes with companies. They were given the opportunity to choose their investments and, of course, they chose conservative investments, particularly government bonds. As a result, the final yield was lower than it might otherwise have been, and they lost yet again.

The main point of the Budget change seems to revolve around SERPS, about which my right hon. Friend the Member for Hitchin and Harpenden asked some

[Mr. Duncan Smith]

questions. He questioned the Government during the Budget debate and today, and I hope that the Minister will return to those questions. My Government encouraged people to opt out of SERPS. As we know, that was done through a rebate system. The amount of the rebate was calculated by the Government Actuary in accordance with the cost of occupational and personal pension schemes that provided benefits equivalent to SERPS. The abolition of the ACT credit will make it more costly to provide benefits that are equivalent to SERPS.

Unless there is an out-of-sequence review, the current rebates will remain in force until 5 April 2002. That means that a rebate order that is made now to redress the balance would not come into effect until 6 April 1999. Obviously, the rebates should be increased to take account of the loss of valuable investments. Can the Government estimate the cost of operating the rebates? When do they plan to announce a new rebate order? Any adjustment in the amount of contracting-out rebates would affect the overall funding of the national insurance fund and the contributions that are needed to meet fund outgoings.

Was that all taken into account in the Red Book? Presumably that was one of the acknowledged outcomes of the abolition of ACT, on which, the Government told us, they consulted. Therefore, there must have been costings. Could they be made available to the House?

Of course, there is an alternative strategy. It is simply to leave the rebates unaltered, which would drive people into a decision about returning to SERPS. The tax on personal pensions has reduced the incentive to opt out, and many people will look again at SERPS with a view to opting in. *[Interruption.]* Many Labour Members welcome that. If that is the Government's intention, they have made a political decision to move people back into SERPS and increase the level of unfunded pensions. If that is what they intend, perhaps the Minister will make it clear. Do the Government intend to leave the rebates as they are and encourage people back into SERPS?

The Minister for Welfare Reform has said:

"Failure to close SERPS will mean substantial tax bills for generations".

He is obviously at odds with his Government. The Minister has now taken his place on the Treasury Bench. Perhaps as the Government have gone back to the drawing board on tax changes, the Minister has gone back to the drawing board on SERPS, and possibly on his position.

Furthermore, the future of stakeholder pensions is at risk. An interesting point to follow is where that leaves Labour on the position for future generations at which we have said we want to look carefully with the Government. It seems that their plans to introduce second-tier stakeholder pensions have already been undermined.

The stakeholder pension is designed to be run by approved private pension companies which rely on the market place, on dividends, to increase funds. However, under Labour legislation, any return will be diminished, because the Chancellor has abolished the tax rebate that pension funds claim on dividends received. Therefore, the Government's new ideology, as evidenced in the Budget, will ensure that the stated objective of security in retirement is increasingly difficult, if not impossible, to meet. I remind the House what was in the Labour party manifesto:

"The provision of adequate pensions in old age is a major challenge for the future".

Labour was right. It has made the challenge even more difficult, particularly for the Minister for Welfare Reform, who will now have much difficulty working this little conundrum out.

Labour has gone back to Hutton and back to SERPS, and the Minister for Welfare Reform is going to have to go back to the drawing board. The people have a new tax with which to cope, and so has the Department of Social Security. It is all about firing at the Chancellor's false target—somehow to correct this so-called short-termism. In firing at that target in the Budget, the Chancellor has hit a load of innocent bystanders, members of the ordinary public who will have to pick up the pieces and pay the price for what is clearly a return to old Labour ways.

This new tax, for tax it is, will be a levy not just on the corporate sector. The Government thought that they could pass it off as a secret tax, and they have made a mistake. Where in Labour's election manifesto did it say that Labour would attack pension funds and raise taxation? Labour denied that endlessly everywhere. Where in the manifesto did it say that Labour would push the public back into SERPS? It did not say that.

The Prime Minister said that he and the Government would govern as new Labour, having been elected as new Labour, yet when we look back at the way in which they have behaved, far from governing as new Labour, the Government intend to govern as old Labour, hiding tax changes from the public, sneaking them in and forcing the public to pay up in due course. *[Interruption.]* The hon. Member for Hove (Mr. Caplin) knows all about it; that is why he is agreeing with it. To take £5 billion out of the economy and try to pretend that the public will not suffer is absurd and a deliberate attempt to mislead them. If that is new Labour, bring back old Labour.

Let me give the final confirmation that Labour intends to govern just like that. Until now, the Prime Minister and new Labour have been long on wonderful visions, but the public will now have to wake up to the fact that, far from visions, it is just one long tax-and-spend nightmare.

9.42 pm

The Parliamentary Under-Secretary of State for Social Security (Mr. John Denham): This has been a well-informed and good-humoured debate, starting with the discussion about whether it is an insult to claim that a Conservative Member was a Minister in the previous Government. I understand that the shadow Chancellor of the Exchequer wishes to point out that he was not a junior Minister in the Department of Social Security when advertisements were published encouraging people to leave their personal pensions; he was a junior Minister in the Treasury, which was responsible for the regulation of personal pensions.

What is striking is how, despite it being an Opposition day debate, each argument from Conservative Members has collapsed in response to their record in government, their lack of concern and their inaction on the very issues that they sought to raise. The hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) raised the question of local authority pension funds, but my hon. Friend the Member for Putney (Mr. Colman) pointed out how, to fund the poll tax disaster, local authorities were forced into underfunding, and how the previous Government's other measures, such as those encouraging early retirement, caused financial difficulties for the funds. However, we heard not a word from Conservative Members about those damaging consequences.

The hon. Members for Arundel and South Downs (Mr. Flight), for Epping Forest (Mrs. Laing) and for West Dorset (Mr. Letwin) spoke about investments, and the hon. Member for Ryedale (Mr. Greenway) spoke of having 20 years' experience in investment, yet I was left none the wiser as to why this country's investment performance has been so poor over those 20 years. In contrast, my hon. Friends the Members for Pontefract and Castleford (Yvette Cooper) and for Erewash (Liz Blackman) stated, quite rightly, the central importance of investment to the British economy if we are to build for the future and be able to pay for pensions. They talked about the importance of building up the value of the capital investment in British industry, which we have set out to achieve by the moves that we have been discussing today.

I apologise for missing the speech of the hon. Member for Bournemouth, West (Mr. Butterfill), but I understand that he spoke about occupational pensions in his usual well-informed and thoughtful manner. However, my hon. Friends have reminded us of the damage that would have been done to such pensions by the proposals for basic pension plus and the tax changes that were involved.

The hon. Members for Buckingham (Mr. Bercow) and for South Holland and The Deepings (Mr. Hayes) gave us a rosy view of the lives of pensioners in Britain today. My hon. Friend the Member for Hornchurch (Mr. Cryer) reminded us of many of the attacks on pensioners that took place under the previous Government.

The hon. Member for Ryedale—I welcome this—commended what he called the wholly appropriate action of my hon. Friend the Economic Secretary to the Treasury in tackling pension misselling. I thank him for what he said. The right hon. and learned Member for North–East Bedfordshire (Sir N. Lyell) said that he looked forward to the introduction of individual savings accounts.

My hon. Friend the Member for Newport, West (Mr. Flynn) added his name, partially at least, to the list of Labour modernisers by advocating a funded SERPS for the future. The hon. Member for North Norfolk (Mr. Prior) returned to the question of ACT credits. I must say that, for all the dire consequences that have been forecast tonight, we did not hear a word of them in 1993 when the process was set in train by the previous Government. That leaves me feeling that we have heard arguments of convenience rather than of commitment or principle.

Mr. Letwin: When ACT relief was reduced previously, ACT was reduced to the same level. Will the Minister tell the House whether on this occasion the Chancellor proposes, in contradiction to the Budget, to reduce ACT to zero, having reduced the relief to zero?

Mr. Denham: The hon. Gentleman knows that the measure was introduced in 1993 to fund the crisis caused by the ERM debacle. We heard none of the criticisms then that we are now hearing.

The shadow Secretary of State for Social Security talked about the manifesto. What Conservative Members do not like but the people of this country do like is that we have kept our manifesto promises, in contrast to the Conservative Government after the 1992 election.

The hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood) asked a couple of important questions.

Mr. Bercow: Will the hon. Gentleman give way?

Mr. Denham: I shall give way when I have dealt with the points raised by the hon. Member for Roxburgh and Berwickshire. He asked about the position of local government pension schemes.

We believe that pension funds should benefit from improved company performance as a result of the moves that we have taken to encourage quality long-term investment, which will be reflected in long-term share values. The reduction in corporation tax will greatly assist company performance. Although the loss of tax credits will have some impact on the income of local authority pension funds, the extent to which the changes feed through to local authority budgets will depend on the overall judgments made by the funds' actuaries as they undertake the revaluations due next year. Their conclusions will not be reflected in contribution rates before the financial year 1999–2000 at the earliest. The Government will take all those factors into account in determining the level of local authority provision for that and subsequent years.

Several hon. Members *rose—*

Mr. Denham: I must deal with some further points.

The hon. Member for Roxburgh and Berwickshire also asked about national insurance. What matters is the long-term performance of investments and the health of the companies providing occupational and personal pensions. It is the long-term rates of return on pension fund investments that are reflected in the national insurance rebates. The Budget is designed to create a better climate for investment and long-term growth. Any Government will always consider carefully representations made about the need to ask the Government Actuary to look at the long-term assumptions underlying the national insurance rebates for contracting out of SERPS.

Mr. Bercow: Will the Minister tell the House on which page in Labour's manifesto is the commitment to abolish the tax credit on dividends? It appears to have escaped the notice of Conservative Members.

Mr. Denham: We promised to produce a Budget for investment, for skills, to get people off welfare and into work, to safeguard the health service and to raise standards in schools. That is what we are doing. That is why the people of this country are pleased and proud that they voted Labour at the general election. We have honoured our manifesto commitments.

I welcome tonight's debate. The future of pensions is a major political challenge. It should not be—after 18 years in power, the Conservative party should be able to claim that nothing needs to be done. That cannot happen. Conservative Members spoke as if pensions were a triumph of the previous Administration. That would bring hollow laughter from the pensioners hit by value added tax on fuel; from those whose pension planning was undermined when the Conservative Government destroyed the cross-party consensus on SERPS; from the

[Mr. Denham]

one in three pensioners who today have to rely on means-tested benefits; from the 1 million or so of the poorest pensioners who do not receive the income support to which they are entitled; and from the hundreds of thousands who read the Government's advertisements telling them that they could leave their occupational pensions—and did so and were missold personal pensions. That scandal was followed by inertia and inaction.

We have heard that more people have died a few months ago than have been compensated. The figures revealed by the Economic Secretary tell their own story. Yet the party that masterminded that disaster had the nerve to call this debate tonight. We have heard many speeches about occupational pensions, but we did not hear a word of concern from Conservative Members as membership of occupational schemes declined steadily under the previous Government, especially among men. We never heard a word of concern as the coverage and quality of some occupational schemes declined under the previous Government. The number of active members of occupational schemes fell from 11.6 million in 1979 to 10.7 million in 1991.

Mr. Butterfill: The hon. Gentleman obviously did not hear my speech, as he acknowledged. I said that occupational schemes were declining. However, I also said that the Government's action on advance corporation tax was likely to make that decline accelerate.

Mr. Denham: I shall come to the hon. Gentleman's point later, if I do not take many more interventions.

Today, 12 million people are outside occupational pension schemes, many in low-paid or modestly paid work. What is their choice after 18 years of Conservative government—SERPS, worth far less than it once was, or personal pensions? Personal pensions may be all right for some, but for too many it means that their savings and taxpayers' contributions are eaten up in fees and charges. Up to £1 in every £4 of savings can be eaten up by the time they retire. The cumulative effect of charges on a 25-year plan with monthly premiums of £60 can be as high as 30 per cent. If someone has a period out of work, even more of their savings will disappear.

I have never heard so many speeches from Conservative Members about personal pensions as I have heard tonight. I have been present at every pensions debate for the past five years, but I never heard a word about the people for whom personal pensions were inappropriate and the extent of savers' and taxpayers' contributions eaten up in fees and charges. Not a word was said, not an action taken, as taxpayers' and savers' money was poured down the drain. The concern of Conservative Members this evening for those with personal pensions has been fascinating. It has certainly not been in evidence in the past. We have heard arguments of convenience, not arguments of commitment or principle.

The previous Government's record has left behind not only poverty for many of today's pensioners, but similar poverty facing many of tomorrow's pensioners. The Conservative Government got their strategy wrong. They failed to ensure that people's money was used to invest for the future; they failed to regulate properly to protect savers and savings; they failed to ensure that people could get access to a decent second pension to meet their needs in the modern labour market.

In the dying days of their Administration came an admission of failure. The previous Government introduced a scheme—basic pension plus—the boldness of which was matched only by the damage that it would do. They would have abolished the basic state pension and imposed an ever larger bill—rising to £300 billion over the next 40 years—on today's working population and on our children and grandchildren. They were warned that basic pension plus would consign occupational pensions to history. They were right to admit that their policies had failed, but they were wrong in the remedies that they proposed.

That is the background to today's debate, and that is why I welcome it. I should now like to explain how we should move forward. We should first be absolutely clear about the conditions that make an effective pension policy possible and affordable. The ability to achieve security in retirement depends crucially on the health and success of the wider economy and on the opportunities for all to share in that health and success. The long-term performance of the economy and the ability of everyone to participate in economic success are the key to future pensions.

If we have a low-wage, low-skill and low-investment economy in which millions of people are in and out of work, it will always be difficult to develop a successful pensions policy to meet the needs of all. Too many people will slip through the net, as they have in the past, retiring without decent pensions. An economy that fails to be competitive in the global economy will always struggle to meet the competing demands of today's retired people, of tomorrow's pensioners and of today's working generation.

Mr. Duncan Smith: On the basis of a long-term concern for future generations and the debt requirement, will the Minister tell the House whether the Government's policy is that SERPS should continue and be expanded or whether, as the Minister for Welfare Reform maintains, it should be wound up?

Mr. Denham: The hon. Gentleman may have just used the 30 seconds that it would have taken to cover that point, but I shall do my best to deal with it. The Government's priorities and the Chancellor's Budget are all about tackling those deep-seated problems.

Mr. Duncan Smith: Answer the question.

Mr. Denham: Stop interrupting and I shall answer it.

The Government had to establish—and we have—the correct fiscal regime for investment. We also had to commit ourselves to the conditions for stable and sustainable growth, and we have done so. In doing so, we are not only aiming to build a stronger economy, but providing the essential underpinning for decent pensions. By opening up, through the new deal, new opportunities to leave welfare, to enter work, to earn an income and to join a pension scheme, we shall enable more people who currently have no pension to enjoy one in future.

Investment, skills and the opportunity to work and saveare the platform on which our economy and our pension policy will be built. Before the general election,

we made it clear that a wide-ranging review of pensions would be a necessity for the Government because of the legacy that we would inherit. Some of the issues that we shall have to address arise directly from the failures of the previous Government.

We shall have to—and we want to—talk directly to pensioners and to their organisations. The Chancellor has already taken action to cut VAT on domestic fuel and to make available better and cheaper insulation. [HON. MEMBERS: "SERPS?"] That action will be supported by the new deal for young people. He has also taken action to make further cuts in some fuel bills. All those actions will help older citizens to keep their homes warm in the winter.

Unlike the previous Government, we shall retain the basic state pension as the foundation of pension provision and ensure that it is increased at least in line with prices. [HON. MEMBERS: "SERPS?"] We are already commissioning research to establish why so many pensioners do not claim the income support to which they are entitled. We are committed to examining ways of delivering more automatic help to the poorest of today's pensioners.

For most people, security in retirement depends on two pensions—the essential foundation of the basic state pension and an adequate second pension. Occupational pensions are one of the best ways of providing the second pension that people need in retirement. [HON. MEMBERS: "SERPS?"] Unlike the previous Government, who were prepared to say goodbye to occupational pensions, we shall work with the pensions industry to examine ways in which the framework for occupational schemes can be strengthened and made more effective.

We shall of course retain SERPS for those who wish to remain members of it. [HON. MEMBERS: "Hear, hear."] I got there, and I am sure that it was worth waiting for. We must continue to value the contribution that employers can make to their employees' security in retirement.

The Government's aim is not to abolish the basic state pension but to establish the right balance between public and private provision. However, too many people, particularly those on low and modest incomes, find it difficult to find a second pension that gives good value for money, flexibility and security. There are many who cannot contribute to second pensions because of caring responsibilities. They contribute immensely to our society, but too many retire as a result on means-tested benefits. Our framework of stakeholder pensions will extend the opportunities to belong to a pension scheme that is flexible, secure, gives value for money and does not hit people's savings if they have a period out of work.

We shall examine ways to use the structure of SERPS to provide better support for carers through a citizenship pension. Many of those without decent second pensions are women. Our action on pension sharing at the time of divorce is just one step—

Mr. James Arbuthnot (North–East Hampshire) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 190, Noes 353.

Division No. 51] **[10 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard *(Sheff'ld Hallam)*
Amess, David
Ancram, Rt Hon Michael
Arbuthnot, James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baldry, Tony
Ballard, Mrs Jackie
Beggs, Roy *(E Antrim)*
Beith, Rt Hon A J
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, Rt Hon Mrs Virginia
Brady, Graham
Brake, Thomas
Brand, Dr Peter
Brazier, Julian
Breed, Colin
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Bruce, Malcolm *(Gordon)*
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, John
Campbell, Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clark, Rt Hon Alan *(Kensington)*
Clark, Dr Michael *(Rayleigh)*
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton–Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cran, James
Curry, Rt Hon David
Davey, Edward *(Kingston)*
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Day, Stephen
Donaldson, Jeffrey
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Evans, Nigel
Faber, David
Fabricant, Michael
Fallon, Michael
Fearn, Ronnie
Flight, Howard
Forsythe, Clifford
Forth, Rt Hon Eric
Foster, Don *(Bath)*
Fowler, Rt Hon Sir Norman
Fox, Dr Liam
Fraser, Christopher
Gale, Roger
George, Andrew *(St Ives)*
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gorrie, Donald
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hague, Rt Hon William
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Hancock, Mike
Hawkins, Nick
Hayes, John
Heath, David *(Somerton & Frome)*
Heathcoat–Amory, Rt Hon David
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Johnson Smith, Rt Hon Sir Geoffrey
Keetch, Paul
Key, Robert
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Kirkwood, Archy
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lidington, David
Lilley, Rt Hon Peter
Livsey, Richard
Lloyd, Rt Hon Sir Peter *(Fareham)*
Loughton, Tim
Luff, Peter
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Mates, Michael
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Michie, Mrs Ray *(Argyll & Bute)*
Moore, Michael
Moss, Malcolm
Nicholls, Patrick
Norman, Archie
Öpik, Lembit
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*

Ruffley, David
Russell, Bob *(Colchester)*
St Aubyn, Nick
Sanders, Adrian
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid–Norfolk)*
Smith, Sir Robert *(W Ab'd'ns)*
Smyth, Rev Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Temple–Morris, Peter
Townend, John
Tredinnick, David
Trend, Michael
Tyler, Paul
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Wardle, Charles
Webb, Professor Steve
Wells, Bowen
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Wilkinson, John
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Ayes:
Mr. Oliver Heald and
Mr. Nigel Waterson.

NOES

Abbott, Ms Diane
Adams, Mrs Irene *(Paisley N)*
Ainger, Nick
Allen, Graham *(Nottingham N)*
Anderson, Donald *(Swansea E)*
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Banks, Tony
Barnes, Harry
Barron, Kevin
Battle, John
Bayley, Hugh
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bell, Stuart *(Middlesbrough)*
Benn, Rt Hon Tony
Bennett, Andrew F
Benton, Joe
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, Rt Hon David
Boateng, Paul
Borrow, David
Bradley, Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Burden, Richard
Burgon, Colin
Butler, Christine
Byers, Stephen
Caborn, Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell–Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chaytor, David
Chisholm, Malcolm
Church, Ms Judith
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Mrs Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Cunningham, Rt Hon Dr John *(Copeland)*
Curtis–Thomas, Mrs Claire
Dalyell, Tam
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Davies, Rt Hon Ron *(Caerphilly)*
Davis, Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobbin, Jim
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Drew, David
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Etherington, Bill
Fatchett, Derek
Field, Rt Hon Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gapes, Mike
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Grant, Bernie
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grocott, Bruce
Grogan, John
Gunnell, John
Hain, Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, Rt Hon Ms Harriet
Heal, Mrs Sylvia
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Hoey, Kate
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Howells, Dr Kim
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Ingram, Adam
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Barry *(Alyn & Deeside)*
Jones, Ms Fiona *(Newark)*
Jones, Jon Owen *(Cardiff C)*
Jones, Dr Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S
Kidney, David
Killoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Kumar, Dr Ashok
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, Mrs Helen
Linton, Martin
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
Macdonald, Calum
McDonnell, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, Peter
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, David *(Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall–Andrews, Robert
Martlew, Eric
Meacher, Rt Hon Michael
Meale, Alan
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheffld Heeley)*
Milburn, Alan
Mitchell, Austin
Moffatt, Laura
Moran, Ms Margaret
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morley, Elliot
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, Paul *(Torfaen)*
Naysmith, Dr Doug

Norris, Dan
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ken
Quin, Ms Joyce
Quinn, Lawrie *(Scarborough)*
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robertson, Rt Hon George *(Hamilton S)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooker, Jeff
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Ryan, Ms Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Rt Hon Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Rt Hon Chris *(Islington S)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Snape, Peter
Soley, Clive
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Strang, Rt Hon Dr Gavin
Straw, Rt Hon Jack
Stringer, Graham
Stuart, Ms Gisela *(Edgbaston)*
Sutcliffe, Gerry
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Taylor, Rt Hon John D *(Strangford)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wise, Audrey
Wood, Mike
Woolas, Phil
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes:
Mr. Jim Dowd and
Mr. Robert Ainsworth.

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House condemns the failure of the last Government to foster security in retirement for either today's pensioners or pensioners of the future; supports the present Government's objective of a decent income for all in retirement; believes that the best way to achieve this is by developing second pensions building on the foundation of the basic state pension; commends the Government's decisive action on the past mis-selling of private pensions; endorses the measures taken in the Budget, particularly the reforms to corporation tax, which will help to create a climate encouraging higher investment and a higher sustainable growth rate increasing the capacity of the economy to support decent pensions; supports the Government's welfare-to-work proposals, which will improve the employment opportunities for thousands of people, enabling them to save for their own retirement; and welcomes the Government's commitment to review pensions and achieve security in retirement for all.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

SOCIAL SECURITY

That the draft Pneumoconiosis etc. (Workers' Compensation) (Payment of Claims) Amendment Regulations 1997, which were laid before this House on 24th June, be approved.—*[Mr. Kevin Hughes.]*

Question agreed to.

PARLIAMENTARY PRIVILEGE

Resolved,

That it is desirable that a Joint Committee of both Houses be appointed to review Parliamentary Privilege and to make recommendations thereon.—*[Mr. Kevin Hughes.]*

PETITIONS

Dedham Vale

10.18 pm

Mr. Bernard Jenkin (North Essex): This petition is presented—*[Interruption.]*

Mr. Deputy Speaker (Mr. Michael J. Martin): Order. There must be no conversations in the Chamber while an hon. Member is presenting a petition.

Mr. Jenkin: The petition represents the views of the ordinary voters of Dedham Vale, who are threatened by the erection of telecommunications masts in their historic landscape—a landscape immortalised in the paintings of John Constable and deserving protection. Several hundred signatures are hereto attached:

"Wherefore your Petitioners pray that your Honourable House should urge the Secretary of State to ensure that DOE planning guidance for the protection of the natural heritage should take precedence over mobile telecommunications development; and further urges the Secretary of State for the Environment to be prepared to overturn the Inquiry Inspector's decision in respect of the above application, to ensure the protection of the historic landscape of Dedham Vale."

To lie upon the Table.

Ongar War Memorial Hospital

10.19 pm

Mr. Eric Pickles (Brentwood and Ongar): This petition concerns the fate of the Ongar War Memorial hospital in my constituency. The hospital was built entirely by the good people of Ongar as a permanent memorial and living tribute to those who died in the first world war. The petition states:

The Petition of residents within the constituency of Brentwood and Ongar declare that they object to the proposals of the Essex and Herts community NHS trust to cease inpatient treatment within the Ongar War Memorial hospital, and the removal of all its beds.

The Petitioners therefore request that this House of Commons urge the Secretary of State for Health to review the proposals of the community trust.

And the Petitioners remain, etc.

The petition is signed by more than 5,200 people, which represents the bulk of the people of Ongar.

To lie upon the Table.

James Miles and Paul Loseby

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Kevin Hughes.]*

10.20 pm

Mr. Keith Vaz (Leicester, East): I thank you, Mr. Deputy Speaker, for allowing me to raise in Parliament the important case of the detention in Venezuela of two young people from my constituency. I welcome and am grateful for this opportunity to speak on behalf of my constituents and their families, who are presently undergoing a great deal of suffering, anxiety and distress.

Anyone who doubts the significance of Adjournment debates should take heart from their effectiveness in prompting urgent action. Just five hours ago, my office was telephoned by the Foreign Office and given dramatic new information on the case, to which I shall refer shortly.

Some hon. Members will remember the media coverage of the detention of two men, James Miles, aged 18, of Hungerton boulevard, Leicester, and Paul Loseby, aged 20, of Greenwood road, Leicester, at Caracas airport on 4 November last year. That is how I first heard of the case. Somewhat alarmingly, Paul's mother, Mrs. Wendy Loseby, also heard of her son's arrest through a news bulletin rather than from official sources.

The young men were on their way back from a holiday when they were apprehended with 10 kg of cocaine strapped to their chests. James and Paul say that they were frightened and distraught. On international television they said that they were forced to carry the drugs after a man put a gun to their heads near a gate of the airport terminal. The two young men insist that they approached airport customs officers to tell them about the drugs and how they came to be on their person, but due to a misunderstanding resulting from the language barrier, they were arrested and have been detained ever since.

One can imagine the distress and trauma that the families of those young men have undergone during the past eight months. Steven and Georgina Miles and Graham and Wendy Loseby are respectable, ordinary, decent, hard-working people who have found themselves in a position totally beyond their comprehension. It is a nightmare for them. They have no access to large sums of money or experience of media attention. They were not prepared for, and never anticipated, facing a problem remotely of that proportion in this country, let alone on the other side of the world. The stress on the whole family arising from that unhappy situation cannot be quantified.

Today, in a dramatic and astonishing turn of events, my office received a call at 4 pm from Mr. Danny Woodyear in the Foreign Office, to be told that, on 2 July, James and Paul were sentenced to four years for possession of drugs, but not for trafficking.

On the face of it, that seems to be consistent with the version of events that they described. Neither the parents nor the Foreign Office were informed that that remarkable system of justice allowed for a sentence without a trial. We have not received confirmation that a trial took place with the defendants present.

I wonder what the Minister of State will make of those developments when he replies to the debate. We have been told that an appeal must be lodged, and that it will

take two months to progress the appeal. None of that information was communicated to the parents until this afternoon.

The Mileses must find money each week for food for the young men. Whereas other inmates have families who bring food by hand into the prison, as is the custom in Venezuela, the Mileses and the Losebys are not in a position to do that, and must rely on expensive and not always reliable alternatives.

As one can imagine, the strain on resources and on the families' physical and mental health is tremendous. In addition, there is the far greater expense of fees for lawyers dealing with the case. Worse than all that is the uncertainty, the not knowing, and the waiting, day in, day out, to hear whether there has been any progress or development in the case. Unlike the practice in our system of justice, Paul and James did not have to return to court. Bizarrely, their parents were not even told that they had to face a trial.

Over the past eight months, I have been involved in campaigning—first, to get as much information as possible, and secondly, to have those young people brought to this country, for their own sake and for the sake of their families. I pay tribute tonight to Mr. and Mrs. Miles and Mr. and Mrs. Loseby, who have worked in a united and disciplined way. I also pay tribute to Charlotte Seebohm, Steve Evison and Bishop Bill, all of whom have been involved in the campaign.

Under the previous Government, I secured meetings with the then Foreign Office Minister, the hon. Member for Woodspring (Dr. Fox), and the Home Office Minister, the former Member for Leeds, North-East, to pursue various measures that might alleviate the young men's conditions and secure justice, and in particular on the issue of repatriation. Ironically, until the men are sentenced, they are not regarded as prisoners, and so cannot be repatriated.

I paid for Mr. Miles senior to visit Venezuela to see his son and his son's friend, to try to secure a lawyer and to meet officials there. A shocked Mr. Miles described his son's living conditions as a cell 30 ft by 30 ft—roughly the size of two sitting rooms—open to the air, with 73 people currently living in it. There is a hole in one corner for the toilet. Water is sometimes turned off, often for a week at a time.

Until Mr. Miles bought some sort of mattress, the young men were sleeping on a concrete floor. The place is infested with vermin and cockroaches. Paul and James are covered in flea and mosquito bites, have lice and have had scabies. There is a great deal of fighting in the cell. Paul and James have never had exposure to or experience of such hardships. One can scarcely imagine the physical and psychological effects of having to live in such an environment.

I have twice met the Venezuelan ambassador. On the second occasion, I was accompanied by both sets of parents. Much to our surprise, the ambassador arranged a telephone call to enable the parents to speak to the sons. The ambassador was extremely helpful, and seemed sympathetic to the idea of repatriation. However, further progress would require some general agreement of an internationally legally binding nature. In the case of Thailand, for example, such an agreement is already in place, and since 1991 has allowed for the repatriation to the United Kingdom of 30 prisoners, most of whom were involved in drugs-related offences.

Although the ambassador subsequently called on me at my office in the House, and although I do not doubt his sincerity or concern, that has not been reflected in the attitude, actions and deeds, or lack of them, by the legal system in Venezuela.

On 22 May 1997, I received answers from the Minister of State, Foreign and Commonwealth Office, who stated that the British Government had approached the Venezuelan Government about accession to the Council of Europe convention on the transfer of sentenced persons, and are still awaiting the Venezuelans' reply.

Government policy is that, on humanitarian grounds, prisoners should be able to serve their sentences in their own countries. Venezuela is a highly unstable country, both politically and economically. In 1996, inflation was 103 per cent., and economic pressures of that magnitude have, in turn, led to a great deal of unrest. There have been several failed attempts at military coups in the past few years.

Venezuela's human rights record is also dubious—most notoriously in the prison and police services. In prisons, there are frequent instances of torture to obtain confessions, corruption and appalling overcrowding. Last year's Amnesty International report states:

"Prison conditions continued to deteriorate and often amounted to cruel, inhuman or degrading treatment. Although the government acknowledged the lack of security for prison inmates, serious overcrowding and extremely poor sanitary conditions, they failed to act to reform the prison system."

A press report from November 1996 states that, since 1992, 360 prisoners have died in custody. In January 1994, 100 prisoners died during a riot and a fire at Sabaneta prion, Maracaibo, and, more recently, in October 1996, 30 prisoners were burnt to death at the notorious La Planta gaol in Caracas.

James Miles and Paul Loseby are currently being held in a detention centre, La Vega, rather than a prison, thanks to initial pressure placed on the Venezuelan authorities. I record my gratitude, and that of their parents, that they were not transferred to La Planta. However, as I have already informed the House, the young men are still held in severely overcrowded conditions, with no separation of prisoners according to the severity of their alleged crimes or any other rational grounds. If the young men were to be transferred to the even worse prison conditions, I would seriously question their ability to survive such an ordeal.

May I say at this point that I—together with, I am sure, every hon. Member—categorically condemn any use of drugs, trafficking or dealing of any sort. Those responsible should be punished severely for their inexcusable activities and for the devastating effects that drugs have on people's lives and on society as a whole. I condemn wholeheartedly such practices in any circumstances for whatever reason, and agree, in principle, that sentences should be tough and that strong deterrent measures must be enforced worldwide.

Mr. and Mrs. Miles and Mr. and Mrs. Loseby also condemn drug dealing, but they categorically maintain that their sons are innocent victims in the real crime that has clearly been committed. These young men, who were on holiday in a foreign land far from home, were allegedly held at gunpoint and made to carry drugs against their will. However, as we have seen in numerous cases of miscarriage of justice, the relevant authorities consider that they have solved this case by arresting the two young men.

[Mr. Keith Vaz]

The real criminals not only go unpunished, but remain free to continue their evil work and to ruin more lives. Whatever the precise nature of James's and Paul's involvement, it is crystal clear that extremely sinister forces remain at large and in the shadows. As these two young men fester and rot in a detention centre, evil and wicked people continue their multi-billion dollar trafficking in death, amid the apparent indifference of self-satisfied authorities who appear to have selected their sacrificial victims.

What can the British Government do? I am delighted to see the Minister of State on the Front Bench this evening, as I know that he takes these matters very seriously. It is time to put an end to the weeks and months of waiting and not knowing because of the bureaucratic lethargy and inefficiency of the Venezuelan judicial system. It is time to act, and to fight for justice for the families of the young men.

Was their trial free and fair, with proper legal representation and translation? Now that the trial has apparently taken place—bizarre though the circumstances were—can the Government try to ensure that the young men are repatriated promptly to serve their time in a British gaol? Like his predecessors, I hope that the Minister will exert as much diplomatic pressure as possible on the Venezuelan authorities to ensure that the matter progresses.

Pressure for the judicial system to speed up its handling of this case will be extremely helpful. The waiting is adding to the distress of the families, not to mention the financial burden that they are ill equipped to shoulder. As I have said, conditions are bad, and the health of both young men and their families has been chronically affected.

The fact that James and Paul have apparently been tried and sentenced makes the repatriation agreement all the more urgent. We need pressure, pending the formalisation of an agreement, to allow the young people to be repatriated to serve their sentence in Britain. In the meantime, we need to see improved input from the consular section of the British embassy. It is not good enough to have to wait seven days to be told that the trial has taken place.

There is no way in which the family can continue to support the young men in the way that they have until now. I must tell the House that, if there is no tangible progress within the next three weeks, as soon as practicable after Parliament rises I shall go to Venezuela myself to see the young men, assess their conditions, meet the lawyers acting on their behalf, and exert whatever pressure I can on the relevant authorities in Caracas. I shall, of course, do so only after consulting my hon. Friend, and only if he and the parents feel that my visit will be helpful.

This country enjoys good relations with Venezuela. That fact alone should be an advantage in our attempt to get an acceptable solution to this problem. We should rely on our allies to act fairly with our citizens, as we most clearly do with theirs.

Surely it is against the principle of natural justice that two families should also be punished with their children. We recognise that British citizenship does not confer immunity in terms of committing an offence overseas, and nor should it, but at the same time the Government have an absolute obligation to their citizens who face difficulties overseas. Whatever the cause or circumstances, one also feels that the terms and conditions of detention and punishment should be broadly commensurate with what we now generally hold to be minimal standards for the treatment of any human being, irrespective of his or her offence.

This is a matter of human rights that transcends questions of frontier or nationality. There are many victims of such appalling circumstances in Venezuela, and numerous other countries, about whom, sadly, we can do absolutely nothing. In the case of young James Miles and Paul Loseby, there is something that we can do.

I have attempted to outline a course of action tonight. I sincerely hope that the new Government will take notice and respond.

10.37 pm

The Minister of State, Foreign and Commonwealth Office (Mr. Derek Fatchett): I am grateful to my hon. Friend the Member for Leicester, East (Mr. Vaz) for bringing this matter to the attention of the House. The case of James Miles and Paul Loseby involves drug-related issues. I should like to take the opportunity to state at the outset in the strongest possible terms that the Government are fully committed to the fight against drugs, and will do all they can to stamp out the evil of international drug trafficking. We will co-operate with any country that shares that commitment.

I very much welcome my hon. Friend's comments on that point. He was right to talk about the evil of drugs and the way in which drugs have damaged, indeed ruined, the lives of so many young people. Both of us will know from our constituencies the way in which drugs operate as a social evil.

I also welcome this opportunity to record the actions of the Foreign and Commonwealth Office in this case. I shall first outline our knowledge of the case to date and refer to the help that we have provided for Mr. Miles, Mr. Loseby and their families. I should also put it on record that we respect my hon. Friend's strong commitment to his constituents. His support will mean a great deal to the families concerned.

The facts are as follows. James Miles and Paul Loseby were arrested at Caracas airport on 4 November last year as they were about to board a flight. They were found to have 10 kg of cocaine strapped around their waists. They claimed that a man with whom they had been socialising had threatened to shoot them if they refused to carry the cocaine. Mr. Miles and Mr. Loseby were subsequently charged with drug trafficking. They were found guilty of possession of drugs, and they have been sentenced to four years' imprisonment.

The British embassy in Caracas was told on 6 November by the Venezuelan police about the arrest of two—I stress unnamed—British citizens. Consular staff sought immediate access, which was granted on the afternoon of 7 November.

The consular division of the Foreign and Commonwealth Office contacts families of British nationals who are detained overseas as soon as they have enough information to enable them to do so. In this case

the Venezuelan authorities allowed local television and press access to the young men before the consular visit took place. That, as my hon. Friend said, was deplorable. As a result, stories of their arrest appeared before the consular division was aware of the full facts. This pre-empted a call to the families from consular staff in London.

The press stories created confusion, because mistakes were made in reporting the names and ages of the detainees. A consular officer in Caracas established the real identities of Mr. Miles and Mr. Loseby during the visit on 7 November. The House might be interested to know that Mr. Loseby was travelling on a passport in the name of Paul Richard Clark, which added to the consular confusion.

Consular staff cannot guarantee that they will always be able to alert families of detainees before the stories hit the newspapers. Sometimes the detainees do not want the Foreign Office, or in some cases even their families, to be informed. For reasons of consular privacy, we cannot inform families unless we have been spoken to and obtained permission of the detainee.

What is the role of our consular services? The job of our consular staff in Venezuela is to ensure that Mr. Miles and Mr. Loseby have access to a lawyer; that they know their legal position and have information about the legal and prison system; that they receive the same level of treatment as other prisoners and are not discriminated against in any way; and that any medical problems are dealt with quickly. Any complaint of ill treatment is taken up, and will be taken up, vigorously with the police or prison authorities.

Our staff can, and will, pass messages and money for prison comforts from their families. The welfare of British prisoners is a high priority for the Government. We are acutely aware that the needs of their families are important, too. We help them as far as possible to keep in regular contact with the prisoners.

It is important to stress that our role is essentially humanitarian. We do not provide legal advice. It is for the Venezuelan courts to decide whether Mr. Miles and Mr. Loseby are guilty of drug trafficking. Mr. Miles and Mr. Loseby have been encouraged to take legal advice to help them with their defence and to guide them through their trial. We now, of course, know the result of that process.

So much for our actions in Venezuela. At home, as my hon. Friend will know, the families of Mr. Miles and Mr. Loseby called on our consular division in London in November 1996. They spoke at length with the officials responsible for the welfare of Mr. Miles and Mr. Loseby, and, together with my hon. Friend, met the head of consular division, who explained fully the role of the Foreign and Commonwealth Office.

I am pleased to say that Mr. Miles's father visited his son and Mr. Loseby at La Vega in November 1996. Consular staff in Caracas helped him by meeting him at the airport, arranging his accommodation, providing transport to La Veda, and gaining him extra access to the prisoners. Consular staff in London helped to secure a grant for Mr. Loseby from the Royal British Legion for possible medical expenses.

My hon. Friend made strong reference to the legal proceedings. Mr. Miles and Mr. Loseby initially employed a lawyer, who had been selected and paid for by Mr. Miles's father. They were unhappy with the progress the lawyer was making, and chose a different one, who was officially assigned to their case by the court in April. This change of lawyer caused further delay in the already lengthy legal proceedings. But Mr. Miles, Mr. Loseby and their families did not ask the British embassy or the consular division to apply pressure to expedite the proceedings.

Mr. Vaz: I am astonished to hear that, because Mr. Miles and his wife and Mr. and Mrs. Loseby have been in constant contact with the Foreign Office to try to ensure that the case is progressed. I have brought this matter to the attention of the House because of that pressure.

My hon. Friend mentioned the legal proceedings. He and his colleagues, including the Foreign Secretary, have made an outstanding start in the Foreign Office. One of the great principles of the new Administration is that morality should underlie Britain's foreign policy. Does the Minister believe that it is morally or legally right for defendants to be sentenced in a foreign country that is an ally of Britain after a trial at which they were not present? Is that a proper way for the legal system to operate?

Mr. Fatchett: I am grateful to my hon. Friend for his comments on the new Labour Government's foreign policy. They will be well received by my right hon. Friend the Foreign Secretary: he will be delighted to know that we are gaining support from my hon. Friend and in many other places.

My hon. Friend referred to prison conditions in Venezuela, and perhaps I could comment on that.

Mr. Vaz: My hon. Friend has charmingly taken the compliments, but has not answered my question. My concern is not about prison conditions in Venezuela, but about the fact that my constituents, who are British citizens, have been sentenced without attending a trial. How can it be right for the Government to allow a friendly country to sentence our citizens when they were not even present at their trial?

Mr. Fatchett: I shall deal with that point. If my hon. Friend waits a moment, he will get the answer to his question.

I accept what my hon. Friend said about prison conditions in Venezuela, which are extremely difficult. They fall some way short of what we consider acceptable. We have complained about this to the Venezuelan authorities, and, together with our European Union partners, have pressed for improvements in prison conditions. Mr. Miles and Mr. Loseby believe that the La Vega police cells, where they are currently held, provide a safer and more comfortable environment than any of the Venezuelan prisons.

Under Venezuelan law, the young men should have been sent to a prison within eight days of their arrival in La Vega. However, our ambassador in Caracas persuaded the Venezuelan authorities, on behalf of the two accused persons, that they should be kept in La Vega until a verdict was reached. The time that they have spent in La Vega will count towards their sentence, which was recently announced.

[Mr. Fatchett]

Our embassy in Caracas has remained in regular and almost daily contact with Mr. Lyon, Mr. Miles and Mr. Loseby's current lawyer. Our ambassador undertook to provide consular staff in Venezuela with reports of developments in the case. On 5 May, he anticipated that a verdict might be reached in a matter of months, but he stressed that that was only an estimate, and we now know that events have moved on.

I shall deal with the two important issues to which my hon. Friend referred. The embassy contacted the court, and the court has confirmed that both men were found not guilty of trafficking in drugs, but guilty of possession. They have been sentenced to four years in prison. Venezuelan law allows for a sentence of four to six years. We immediately advised Mrs. Miles, and left messages with my hon. Friend's paging service.

Mr. Vaz: Today.

Mr. Fatchett: That is when we received the information. We have been unable to contact Mr. and Mrs. Loseby: we have been told that they are on holiday. Both men intend to appeal, and efforts are being made to ensure that they remain at La Vega until the appeal has been heard.

My hon. Friend referred to due process. We would be unhappy if due process in Venezuela was not being followed in the way that we consider to conform to universal standards, and we have made that point.

My hon. Friend spoke of the need to establish whether it was possible for the two convicted citizens to be returned to the United Kingdom. As he knows, we have pressed the Venezuelan Government to join the Council of Europe convention for the transfer of convicted persons, and we will continue to press the point. We hope that the Venezuelans will listen to our argument, and that it will then be possible for the two to return to the United Kingdom to finish their sentences.

I hope that I have dealt with my hon. Friend's points. This is a difficult case—I understand all the difficulties—but, as my hon. Friend said, drug taking and drug trafficking are awful businesses, and we must all be very vigilant.

Question put and agreed to.

Adjourned accordingly at ten minutes to Eleven o'clock.

House of Commons

Thursday 10 July 1997

The House met at half-past Two o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

Welfare-to-work Strategy

1. **Mr. David Taylor:** To ask the Chancellor of the Exchequer if he will make a statement on the role of a minimum wage in his welfare-to-work strategy. [6177]

The Chancellor of the Exchequer (Mr. Gordon Brown): As my Budget made clear, there are three elements of our welfare-to-work strategy and our reform of the welfare state: first, encouraging the long-term unemployed into work; secondly, providing opportunities for men and women to gain skills; and, thirdly, making work pay. Set at a sensible level, a minimum wage is an essential element of making work pay. It ensures that family credit paid by the taxpayer goes to low-paid employees who need it, not to low-paying employers who do not.

Mr. Taylor: Is my right hon. Friend aware that, in former mining areas such as mine, the void left by thousands of lost jobs has often been filled by the arrival of firms paying poverty wages? Does he share my view that the fact that nearly 4,000 people in my area are paid less than £3 an hour is an indictment of the party of exploitation—the Conservative party? Does he agree that, in a fair society, the setting of a decent national minimum wage must be the cornerstone of any welfare-to-work strategy?

Mr. Brown: My hon. Friend is absolutely right about the need for a decent minimum wage. Under the last Government, hundreds of thousands of working men and women were earning less than £2.50 an hour. Many were earning less than £2 an hour, and some less than £1.50 an hour. It is precisely to sort out some of those problems that the Low Pay Commission has been set up, and will report in due course.

It is interesting that, increasingly, large numbers of employers are coming to support the minimum wage. The only group in society that appears to be completely against it is the Conservative party.

Mr. Lilley: Is the Chancellor aware that, however sceptical we may be about his welfare-to-work proposals, we hope that they will be at least as successful in getting people back to work as our measures, which have reduced youth unemployment by 100,000 over the past four years? If, however, the Chancellor believes that reducing the cost of employment through job subsidies will persuade employers to increase the number of people they employ, does he also accept that the cost of employing people through a statutory minimum wage or the importation of European social costs will reduce the number of people employed? As the latter measures apply to millions of people and are permanent—unlike the Chancellor's windfall tax, which is temporary and applies to only 100,000 people—does the right hon. Gentleman accept that the net effect of his measures is work to welfare?

Mr. Brown: It is interesting that, in the shadow Chancellor's first question—I welcome him to his post, and to Treasury questions—he should mention Europe, and reveal that the position of Conservative Treasury spokesmen in regard to Europe has changed fundamentally since his appointment. Let me, however, answer directly his question about welfare to work. We have had to introduce our proposals not because the last Government succeeded but because they failed. At present, 20 per cent. of households have no wage earner. It is precisely to deal with such problems that we are introducing the welfare-to-work strategy.

As for the minimum wage, I should have thought that the Conservative party's period of reflection—which may be long indeed—would allow its members to look at what is happening around the world. America has a minimum wage; our European competitors have a minimum wage; Japan has a minimum wage. Every country that is ahead of us in the world prosperity league has a minimum wage. When will the Conservatives realise that, when Winston Churchill and Harold Macmillan supported a minimum wage, they were in the mainstream of society? The present Conservative party is on the fringes.

Mr. Sheerman: When my right hon. Friend considers his welfare-to-work proposals, which were tremendously popular at the general election where we achieved a real mandate to deliver them, will he consider the construction industry, not only in terms of the impact of the minimum wage, which can be nothing but healthy, but in respect of the way in which the previous Government allowed that industry to get away with bogus self-employment which cost the Exchequer millions of pounds that could have been used for welfare to work to provide decent training and get young people back into work?

Mr. Brown: I am grateful to my hon. Friend. First, we shall deal harshly with tax avoidance in any sector of the economy. That is why we have set up a review within the Treasury to examine the very issues that he has raised. [HON. MEMBERS: "Oh."] It is interesting that the Conservative party now does not want to deal even with tax avoidance. I should have thought that the Conservatives would support us at least in those efforts.

We have already had a number of offers from construction employers who want to be part of the welfare-to-work strategy and are offering training places on the programme. That shows, once again, that British employers are willing to support our new welfare-to-work programme. I believe that it will enjoy a higher status as a result.

Water Utilities

2. **Mr. Swayne:** To ask the Chancellor of the Exchequer what assessment he has made of the impact of his Budget on investment by the water utilities. [6178]

Mr. Gordon Brown: After consulting the regulators, it is my judgment that the windfall tax can be paid without any impact on investment.

Mr. Swayne: Can the right hon. Gentleman tell the House how he expects the privatised utilities to pay the £5 billion he is asking of them without increasing their charges, which means higher water bills; reducing their investment, which means more leakages; cutting employment; or reducing dividends, most of which go to pension funds?

Mr. Brown: I can say what I can because the water industry regulator has just said publicly that he would not expect any of the water companies to reduce their commitments. He has taken what I consider to be an objective view: that water companies have made excess profits that were recognised by Conservative Members when they reported from the Public Accounts Committee before the election and are perfectly capable of paying the windfall levy. It is interesting to note that the water companies are ready to pay, but, once again the Conservative party remains isolated as the one group in society which believes that they should not pay.

Mr. Pike: Is it not a fact that when the water companies were privatised, they received massive cash handouts from the then Tory Government and they faced no competition, as we could get our water from only one company and have our sewage dealt with by only one company? Is it not the case that, to date, North West Water has failed to deliver an improved service and deal with leaks, and the directors have made massive profits out of the privatisation?

Mr. Brown: What people will remember about the water companies over the past few years is that, under the Conservative Government, they made massive profits, there was an 80 per cent. increase in prices, substantial dividends were paid out, but very little corporation tax was paid. Indeed, in some cases, the water companies paid no mainstream corporation tax at all. All that was defended by the Conservative Government. The Public Accounts Committee estimated the replacement value of the water and sewerage companies' assets to be £138 billion and the profit that the Government received from the sale was £3 billion.

Mr. Bercow: Will the Chancellor continue to insist that investment by the utilities will be unaffected as a result of the imposition of the windfall tax, even if the utilities themselves insist and demonstrate otherwise?

Mr. Brown: I am grateful to the hon. Gentleman for pointing out that the water companies have substantial obligations to the public. I believe that they are perfectly capable of making those investments. Over the past few years, there have been share buy-backs, handouts to shareholders and special dividends as well as the excesses in the boardroom. Water companies should be enhancing their investment programme and we are determined that that will happen.

Economic Cycle

3. **Dr. Kumar:** To ask the Chancellor of the Exchequer what plans he has to end the cycle of boom and bust. [6179]

Mr. Gordon Brown: The Budget set out a framework for monetary and fiscal stability to achieve our objective of high and stable levels of employment and growth. Today, the Bank of England has agreed with me that, if we are to prevent the cycle of boom and bust, inflationary pressures in the economy, which the previous Government negligently failed to tackle, must be brought under control. By taking tough action now to bring both the deficit and inflation down, the Government and the Bank of England are determined to ensure that this country does not return to the instability and negative equity of the Conservative years.

Dr. Kumar: I am grateful for that answer. Does my right hon. Friend agree that it is absolutely essential for home owners and businesses—[HON. MEMBERS: "Reading."]—that there is no return to the boom and bust economy of the 1980s—[HON. MEMBERS: "Reading."]—as we experienced under the Tory Government? Does he also agree that—[HON. MEMBERS: "Reading."]—it is regrettable that the Tories abdicated all responsibility for tackling inflation? Does he agree that they failed to tackle it?

Mr. Brown: I am grateful to my hon. Friend. I welcome him back to the House after his distinguished election victory. The Conservatives would be better advised to behave themselves in this Parliament in a way that they did not in the last.

We are determined that this country does not return to the conditions that we saw in the late 1980s and early 1990s, when a Conservative Government allowed inflation to get out of control and damage businesses and the ability of thousands—indeed, hundreds of thousands—of people to own their own homes. I remind my hon. Friend that, every month from December—December, January, February, March and April—the Governor of the Bank of England advised the then Chancellor that, if he did not raise interest rates, inflation would be in danger of getting out of control. We took the decision to raise interest rates and to give the Bank of England operational independence. It is now up to the Conservative party to tell us whether it would raise interest rates, faced with such inflationary pressures.

Mr. Malcolm Bruce: Does the Chancellor recognise that today's decision to raise interest rates by the Bank of England represents a thumbs down to two people? As he rightly said, the former Chancellor pursued an irresponsible monetary policy in advance of the general election and did not take the Bank of England's advice when he should have done to take the heat out of the economy. The decision is also a thumbs down for the present Chancellor for not delivering a Budget that lived up to his own billing that it would rebalance the

economy and help to keep interest rates down. Does the Chancellor accept that his Budget failed to live up to that billing?

Mr. Brown: The hon. Gentleman says that the Bank of England has criticised me today—it is quite the opposite. The Bank has acknowledged the effects of my Budget in slowing down the economy. We have to take a long-term view of the balance between monetary and fiscal policy. I believe that people will judge that my deficit reduction plan over five years brings the necessary stability in fiscal policy. We will not have the Liberal Democrats' policies, which are quite irresponsible.

The hon. Gentleman, who criticised us last week for not spending enough on the health service and education, should look at the press release that he issued before. He said that £500 million should be spent on the backlog of repairs and maintenance.

Mr. Bruce: This year.

Mr. Brown: May I just read the press release? It refers to a school building programme

"with a 5 year investment programme of £500m".

We put in £1.3 billion.

On the health service, the hon. Gentleman referred to an

"immediate injection of £300m into the NHS"

plus

"A £600m increase in next year's NHS Budget".

That is £900 million in total. We put in £1.2 billion. Instead of criticising us, the Liberal Democrats should be congratulating us.

Mr. Skinner: To ensure that we do not go back to the years of boom and bust, does my right hon. Friend agree that people who work for a living should be treated properly? Does he really think that he can stand aside, like Pontius Pilate, with the rest of the people on the Front Bench, ignoring the people down at Heathrow, those stewardesses out on strike who are hounded and intimidated by this evil man Ayling just because they are fighting not only to keep their trade union intact but for proper wages and conditions? Surely it is time that our people on the Front Bench understood that those people at Heathrow, many of whom voted Labour at the election, ought to be treated properly and that anybody in the management of British Airways should be told by the Government that it is time that they started treating their people properly?

Mr. Brown: I repeat to my hon. Friend what my right hon. Friend the Prime Minister said yesterday. It is a matter for management and trade unions to sort out, and the sooner it is sorted out the better.

Mr. Woodward: Given that the Chancellor justified his breathtaking 17 tax rises on the need to curb the consumer boom, will he explain why £5 billion of his £6 billion tax rises were taken from the corporate sector?

Mr. Brown: The hon. Gentleman should do some research on the Budget. He would find that I cut mortgage interest tax relief and raised stamp duty and excise duties on cigarettes and petrol. A considerable sum of money will be taken out of the consumer sector of the economy.

What I will not do is pursue the irresponsible policy pursued by the previous Government, who knew that there were inflationary pressures in the economy and refused to take action. We have still to have an answer from the shadow Chancellor who, on the television at lunchtime, refused to answer the question whether he supported the rise in interest rates. Does he support me and the Bank of England, or is he not prepared to do so? Does he support the former Chancellor or the present Chancellor? It is time that we had some coherency from the Opposition.

Mr. Stringer: Does my right hon. Friend agree that we must not return to the experience of the late 1980s, when millions of households suffered from negative equity, which damaged the social fabric and the economic well-being of our society? Does he agree that the best way to ensure that we do not return to that situation is to control inflation?

Mr. Brown: I am grateful to my hon. Friend for making that point. In every constituency, men and women still suffer the effects of the stop-go economics practised by the Conservative Government. Home owners still have negative equity because of the failed policies of the Conservative Government. I assure the House that I will not make the mistakes that the previous Government made of allowing inflation to get out of control and causing instability, volatility and negative equity. The measures that I have taken and those taken by the Bank of England are necessary to restore balance to an economy that was in danger of becoming seriously out of balance because of the mistakes of the previous Government, who failed to take the necessary action.

VAT (Tourism)

4. **Mr. David Atkinson:** To ask the Chancellor of the Exchequer what representations he has received on the level of VAT on tourism. [6180]

The Financial Secretary to the Treasury (Dawn Primarolo): I have received a number of representations to the effect that the UK tourism industry suffers a competitive disadvantage as a result of VAT. Given the regular increases in recent years in the number of visitors to the UK and the amount of money they spend, there is nothing to suggest that the UK tourism industry is suffering, but I am keeping this matter under close review.

Mr. Atkinson: The Financial Secretary has acknowledged that this country's tourism industry, including our hotels, is at a competitive disadvantage compared with the tourism industries of other member states in the European Union. For example, the VAT level in France is 5.5 per cent.; in Belgium and Holland, 6 per cent.; in Greece, 8 per cent.; and, in Italy, 9 per cent. What initiatives does she propose to take to ensure a fair and level playing field for VAT on tourism throughout the European Union?

Dawn Primarolo: The tourism industry in the UK is not at a competitive disadvantage because of VAT. I draw the hon. Gentleman's attention to reports today in the

Financial Times which said that the UK hotel industry has achieved record profits, higher even than in the late 1980s, and that those profits are expected to increase in the next year, in London and in the regions.

Mr. Flynn: Does my hon. Friend agree that VAT receipts from tourism would be greatly improved if we put to greater use our under-used large houses, including Chevening and Dorneywood? Does she realise that seven extremely large homes, one with 600 rooms, are occupied by a single family? Would it not be the greatest boost to tourism if we could persuade the royal family to live in just two palaces?

Dawn Primarolo: I am grateful for my hon. Friend's advice, and I am glad to hear that he, like the Government, is committed to encouraging tourism. I am sure that my right hon. Friend the Chancellor heard his comments and, as my hon. Friend probably knows, he has declared his intention to ensure that there is use by the public of government buildings.

Departmental Spending Plans

5. **Mr. Edward Davey:** To ask the Chancellor of the Exchequer if he will commission the National Audit Office to examine the assumptions contained within the departmental spending plans published in the "Financial Statement and Budget Report 1997–98"; and if he will make a statement. [6181]

The Chief Secretary to the Treasury (Mr. Alistair Darling): My right hon. Friend the Chancellor asked the National Audit Office to examine the key assumptions underlying the fiscal projections in the Budget which he announced on 2 July. This was the first time that any Government had done that; the Chancellor has indicated that he sees a continuing role for the NAO in future Budgets, but the arrangements for that have not yet been made.

Mr. Davey: When the previous Chancellor announced his last set of spending plans, they were widely seen as unrealistic. The present Chancellor has said that there will be high inflation for the next few years, and his cash spending plans are widely seen as totally unreachable. Will the Chief Secretary commission the National Audit Office to review the current Chancellor's spending plans, or tell us which services or programmes he will cut to meet the "eye-wateringly tight" planning totals?

Mr. Darling: The hon. Gentleman is returning to a now-familiar theme of the Liberal Democrats. Let me make the position clear: we fought and won the election on the basis that we would put the public finances on a sound and proper footing. We will do that, although that means that tough decisions have to be made. I repeat the point that my right hon. Friend the Chancellor made to the hon. Member for Gordon (Mr. Bruce) a few moments ago. In terms of health and education, we have provided a real-terms increase in spending.

I have no wish to fall out with the Liberal Democrats, but they are being a little opportunistic—not for the first time, perhaps. In terms of capital expenditure, they asked us to spend £500 million, and we are spending £1.3 billion on schools. They asked us to spend £900 million on the health service, and we are spending £1.2 billion. When we announced those totals, their immediate response was, "That is not enough." I caution the hon. Gentleman and ask him to bear in mind the fact that some of us have responsibility for the economy and cannot call for opportunistic spending at every opportunity.

Mr. Sheldon: Since the Comptroller and Auditor General is an Officer of the House, is it not splendid that my right hon. Friend the Chancellor is getting his views and, I hope, aiming to expand that role in the future?

Mr. Darling: My right hon. Friend has substantial experience of these matters. We want to use the National Audit Office more. It is independent of Government, although the Auditor is an Officer of the House. The public would respect Governments all the more if they planned their Budget forecasts on realistic assumptions, and that is what we did. The unrealistic assumptions of the previous Government have led to some of the problems that we now have to clear up.

Mr. Heathcoat-Amory: Will the Chief Secretary come clean about the real cut in public expenditure announced in the Budget? Does he agree that the higher inflation that the Government are now predicting for the years ahead means higher costs for all public services, yet no more cash is allocated for those years? Does he agree with independent calculations that this means a £3 billion cut in real public expenditure this year and a £5.25 billion cut next year? Will he confirm these figures, which flow directly from the Red Book published by his Government?

Mr. Darling: Welcome to the new friends of public spending. The Conservatives are now telling us, in effect, that the figures that they left us do not add up. The right hon. Gentleman must accept that we have inherited a difficult financial position, largely because of the actions of the Government of which he was a member until he resigned 12 months before the election. Frankly, we will take no lectures from the Conservative Opposition on the conduct of the public finances. We are prepared to take hard decisions to ensure that public spending is on a proper footing for the rest of this Parliament.

Public-private Partnership

7. **Gillian Merron:** To ask the Chancellor of the Exchequer what new measures he is proposing to increase public-private partnership. [6183]

The Paymaster General (Mr. Geoffrey Robinson): The Government have reinvigorated the private finance initiative and accepted the 29 recommendations of the Bates report. We will see to their timely implementation between September and December. We have asked Departments to prioritise their schemes and I am pleased to be able to say that schools and hospitals—two early priorities—are proceeding well. Within the next few days, I also hope to announce the chairman of the new task force which we are setting up.

Gillian Merron: I thank the Minister for his reply. Is he aware that in my constituency of Lincoln we have a first-rate example of public-private partnership in the

presence of the new university of Lincolnshire and Humberside, which is the first purpose-built university in this country for many decades? Will he and his ministerial colleagues study such models of good practice, where councils, businesses, local organisations and individuals have joined to ensure the co-operation necessary for the provision of educational excellence?

Mr. Robinson: I am grateful to my hon. Friend for drawing to my attention the excellent example of Lincolnshire and Humberside. I commend it to the House as an example of the public and private sectors working well together. In particular, I compliment my hon. Friend on her contribution to that partnership. In marked contradistinction, we note that the private finance initiative got nowhere under the incompetence of the previous Conservative Government. We are determined to make a success of it.

Mr. David Heath: Whereas any extension of public-private partnerships is to be welcomed, does the hon. Gentleman appreciate that in many areas—rural areas, in particular—where the schemes are small and scattered and we are dealing with single classrooms or schemes of that type, the PFI will never be the appropriate solution? Does he appreciate that, however much it is extended, it will be no substitute for a proper capital investment programme in local authorities?

Mr. Robinson: The hon. Gentleman will be aware that, in the next five years, we will be spending three times what the Liberals intended to spend. He must also be aware that, of that £1.3 billion programme for schools refurbishment, two thirds is intended to be non-PFI and so, in that sense, directly for schools. As I am sure he will agree, where the PFI can work for the other third, we will get incremental spending in so far as it is successful in those areas, and I am sure that it will be.

Mr. Boswell: Although I am sure that the Paymaster General will be pleased to hear that we agree with public-private partnerships where they offer good value for money to the taxpayer, does he agree that the biggest case of that is probably the existence of the pension funds, which have built up some £650 billion of assets? Does he feel that it is wise or conducive to future good will and the success of such collaboration to introduce a tax, through the changes in advance corporation tax, to the tune of £5 billion a year, with all the consequent effects either in driving people back into the public sector or in requiring rebates to be adjusted—therefore at greater public expenditure cost?

Mr. Robinson: The question is totally irrelevant to the PFI, as the hon. Gentleman well knows. The fact is that the Conservative Government made a total flop of the PFI and this Government are going to make a success of it.

VAT (Domestic Fuel)

8. **Mr. Hutton:** To ask the Chancellor of the Exchequer if he will make a statement on his plans to reduce value added tax on domestic fuel. [6184]

Dawn Primarolo: My right hon. Friend announced in the Budget last week that VAT on domestic fuel is to be cut to 5 per cent.

Mr. Hutton: I am grateful to my hon. Friend for that reply. Can she confirm that millions of pensioners and people on low and fixed incomes will benefit directly as a result of the reduction in VAT on gas and electricity, which, together with the other changes in the Budget last week, will lead to significant reductions in fuel bills later this year? Has that not served to emphasise one of the main differences between the Government and the Opposition? The latter broke their promises on VAT. We keep ours.

Dawn Primarolo: I can confirm that the average household will be more than £18 a year better off and that the poorest households, including pensioners, will benefit the most, because it will be a greater proportion of their income. The implementation date will be 1 September, to ensure that they get the benefit in this winter's bills.

Mr. Yeo: In view of the Government's propensity to claim that they keep their promises, why, when an official Front-Bench Labour spokesman before the general election promised that, alongside the Budget Red Book, a green book would be published, setting out the Budget's environmental consequences, no such book has appeared?

Dawn Primarolo: We have every intention of keeping that promise from the first full Budget.

Mrs. Mahon: Does my hon. Friend agree that many decent people will welcome the alleviation of fuel poverty and that reducing cold-related illnesses will save the national health service a great deal of money?

Dawn Primarolo: I agree that it is important to ensure that people can keep warm and that the scandal of hypothermia is tackled, with the consequent reduction in costs for the national health service. We also intend to introduce an insulation and energy efficiency programme to ensure that people can not only heat their homes and stay warm but can do so as efficiently and cheaply as possible.

Mr. Swinney: In implementing the welcome cut in value added tax on domestic fuel in early September, will the Financial Secretary consider ensuring that customers who have credit balances in their gas and electricity accounts suffer no prejudice because of their prepayments or increased contributions to their accounts, and that they do not receive bills that they need a maths degree to understand?

Dawn Primarolo: I can confirm that the provisions in place for the energy companies ensure that they will be able to apportion bills to ensure that people get the full 5 per cent. reduction; there should be no problems with that.

Exchange Rate

9. **Mr. MacShane:** To ask the Chancellor of the Exchequer what representations he has received on the exchange rate; and if he will make a statement. [6185]

The Economic Secretary to the Treasury (Mrs. Helen Liddell): My right hon. Friend has received a number of representations concerning the exchange rate. The Government want a stable and competitive pound over the medium term, consistent with the objective of

price stability. The focus of policy will be on achieving the low inflation and sound public finances that are the necessary conditions for sustained exchange rate stability.

Mr. MacShane: Has my hon. Friend had a chance to study the attempts in the House in the past year to get the previous Government to take action on the ever-increasing value of the pound, which has done so much damage to steel and other exporting industries? Is she aware that the inheritance of the Tory high pound might benefit Conservative Members such as the shadow Chancellor, who can now renovate his chateau in Normandy much more cheaply, but does immense damage to our exporting industries? Does she share my concern that the pound is too high? It should be stable, but at a lower rate.

Mrs. Liddell: I share my hon. Friend's concern about the impact of the high pound on manufacturing and other industry. He makes the most apposite point in drawing attention to the previous Government's failure to tighten monetary policy effectively. We are living with the consequences of a Government who were more concerned with their own Back Benches than with governing the country.

Mr. Viggers: Have the Government received representations about the exchange rate from companies with substantial foreign earnings, particularly from those who would have been affected by the abolition of the foreign income dividend? Is it true that the Government are about to announce the most humiliating U-turn and scrap the Budget measure that would have abolished FIDs?

Mrs. Liddell: I regret the fact that the hon. Gentleman did not find it possible to be in the House on Friday when my hon. Friend the Paymaster General referred to those matters. The Government have no intention of making any U-turns. We pursue the policies that we were elected on in the general election; I realise that that is something Conservative Members find very difficult to accept.

Kali Mountford: As early as February this year, it was predicted that there was only a one in four chance of our meeting the inflation target, yet the previous Government did nothing about it. Will my hon. Friend comment on the implications of that in the current economic situation?

Mrs. Liddell: My hon. Friend makes a valuable point. Six times in a row, the previous Government were warned about the inflation target and, six times in a row, they chose to go for narrow political considerations. That is why my right hon. Friend the Chancellor of the Exchequer is determined to put the setting of the inflation rate on a firm long-term footing. That is a key way of ensuring stability in the economy and an exchange rate that is acceptable in the medium and long term.

Windfall Tax

10. **Mr. Spring:** To ask the Chancellor of the Exchequer if he will publish the representations he has received from business organisations about the windfall tax. [6186]

Mr. Geoffrey Robinson: No.

Mr. Spring: I thank the hon. Gentleman for his answer. Is he aware of the track record of Anglian Water in improving services for people in East Anglia? Is he further aware that Anglian Water has made it plain that, to pay the windfall tax, it will have to borrow the full amount, thereby adding to its costs and to the difficulties of its investment programme for improving water services all over East Anglia?

Mr. Robinson: As the hon. Gentleman knows, Anglian Water, like other water companies, has paid hardly any mainline corporation tax. Perhaps Anglian should take a leaf from Hyder's book. Its chairman, Graham Hawker, today released a press statement in which he said:

"Hyder does not intend to challenge the legality of the windfall tax and it will be paid from borrowings.

Hyder is confident that it can deliver satisfactory dividend growth.

The group remains committed to its current programme of customer rebates and discretionary capital expenditure. Customers are not bearing the burden of the windfall tax."

That company probably bears a relatively heavier burden than Anglian.

Mr. Mackinlay: Does my hon. Friend understand that those of us who support the windfall tax are somewhat disappointed about its coverage? What about the people who were able to buy British ports, including my port of Tilbury, at a snip? Time and again, they became millionaires overnight. That is unfair. Some of those massive profits should be returned to the dock communities that created them. The House gave a private monopoly of London's principal airports to BAA, which raked in large sums of money that should be returned to the British people and to the workers whose enterprise created that wealth.

Mr. Robinson: I understand my hon. Friend's feelings on those matters, but he will agree that those organisations did not fall within the tightly drawn criteria that we had to use for the definition of the windfall tax. I am sure that he also agrees that lone mothers, school children and the unemployed, old and young, will greatly benefit from the uses to which we intend to put the tax.

Mr. Ian Taylor: Does the Minister accept that the windfall tax on British Telecom at least tells its directors not to try to do cosy deals with the Labour party? Has he considered what message he is giving to the telecommunications industry? Is he saying that the Office of Telecommunications failed in its job? Can he explain why prices have fallen by 40 per cent. for consumers since 1984 when BT was privatised? What impact on competition does he expect the more than 150 competitors now in telecommunications to have?

Mr. Robinson: I welcome, with the hon. Gentleman, the good progress of BT. The failure—and it was a big one—was the serial commercial incompetence of the Tory Government in selling off public assets far too cheaply and delivering a bad deal for taxpayers, which we are going to put right.

Fiscal Policy (Pensioners)

11. **Mr. Bayley:** To ask the Chancellor of the Exchequer if he will meet representatives of pensioners to discuss the impact of his fiscal policy. [6188]

Mr. Darling: We are always keen to know the views of representative bodies and are happy to meet those that wish to make representations to us on an appropriate basis.

Mr. Bayley: Is my right hon. Friend aware that the provision in the Labour Government's first Budget to cut the Tories' hated VAT on fuel was widely welcomed by pensioners in York? Does he agree that that shows that Labour's tax promises can be trusted? Will he confirm that the poorest households, including pensioners, will gain the most in proportion to their incomes, from this Labour tax cut?

Mr. Darling: My hon. Friend is right. I am sure that he owes a large part of his very large majority at the general election to the fact that the Conservatives wanted to raise VAT on fuel to the full 17.5 per cent. We kept our promise to reduce VAT on domestic fuel to 5 per cent., just as we have kept every other manifesto promise.

Mr. Page: Does the right hon. Gentleman have any plans to meet representatives of the secretaries to Members of Parliament to discuss the impact on their pensions of the changes to ACT? Has he any plans to increase non-contributory payments so that they can enjoy the same pensions to which they looked forward just before the infamous Budget?

Mr. Darling: I am not aware of any representations. I caution the hon. Gentleman and many of those who sit on the Benches alongside him: they do no one any good by creating false scares that have no justification.

Mr. Lilley: Yesterday, the Chief Secretary to the Treasury conspicuously failed to defend the Financial Secretary's claim that the £5 billion extra tax on pension funds was

"good for pensions and pensioners, not bad for them . . . People should understand that our reforms will benefit pension funds."—[*Official Report*, 3 July 1997; Vol. 297, c. 507.]

Will he, today, defend that remark? If this damaging measure is good for pension funds, why is it necessary to protect charities and other funds from its impact?

Mr. Darling: As the right hon. Gentleman knows, I spoke for some 45 minutes yesterday—perhaps too long—during which I defended the Government's policy to the hilt because the position is correct. We have removed a distortion in the tax system. It should be for managers and businesses to decide what to do with their profits. The tax system should not decide whether they are reinvested or distributed. The decision will be good for pension funds because it will enable companies to grow. The stock market has risen not only since the election but since the Budget announcement because people realise that the decisions that we have made will add to the wealth of companies and, therefore, to the wealth of pension funds.

The right hon. Gentleman should think twice about attacking us because in 1993 the Government of which he was a member embarked on a bare-faced raid on pension funds because, as the right hon. Member for Charnwood (Mr. Dorrell) admitted at the time, they saw it as a soft touch for raising money. We have reduced corporation taxes. That will benefit companies and, therefore, pensions.

Welfare-to-work Strategy

12. **Mrs. Dean:** To ask the Chancellor of the Exchequer what discussions he has had with businesses about the implementation of his welfare-to-work proposals. [6190]

Mr. Gordon Brown: The chair of the advisory task force, Sir Peter Davis, has been involved in discussions with me and with other Ministers on aspects of the design and implementation of our new deal for the unemployed. On 25 June, I hosted a breakfast seminar for senior business figures on this very matter. I am pleased to say that our proposals have received support from many of Britain's leading companies.

Mrs. Dean: The welfare-to-work proposals are certainly important to my constituency, which covers six of the poorest wards in the west midlands. Does my right hon. Friend agree that the policy will realise the wasted talents of our young people and of the long-term unemployed? Does he agree that that can only be of benefit to industry and the country in general?

Mr. Brown: I believe that there has been a substantial welcome throughout the country, including the business community, for our proposals to tackle the problems of youth and long-term unemployment. Something should have been done many years ago. People understand that the Government made a promise at the election that they would take action on the issue. We have raised a windfall levy from the utilities to pay for the action that we are taking. We are a Government who keep our promises to the young people of Britain.

Mr. Peter Bottomley: Will the right hon. Gentleman acknowledge that, since his party first announced its proposals in opposition, the number of people who need the benefit of welfare to work has reduced and that his actual target is numerically impossible to meet? At the beginning of Question Time, when the minimum wage was mentioned, it was put to the right hon. Gentleman by the hon. Member for North-West Leicestershire (Mr. Taylor) that a significant number of adults earn less than £3 an hour. Is it possible that, in line with welfare to work, the minimum wage will be introduced at £3 an hour?

Mr. Brown: The hon. Gentleman should know that the Low Pay Commission is examining exactly that matter. The minimum wage will be decided after consultation involving the Low Pay Commission, which includes representatives from business, the trade unions and other sections of the public, including guaranteed representation for small businesses. There are more than 500,000 young people out of work. In Britain today, 20 per cent. of households include no one earning a wage. That is a sad and tragic commentary on 18 years of failed Conservative government.

Sterling

13. **Mr. Barry Jones:** To ask the Chancellor of the Exchequer if he will make a statement on the current strength of the pound. [6191]

Mrs. Liddell: The Chancellor keeps a close watch on the strength of the pound and is conscious of its impact on companies that are heavily involved in exports.

Mr. Jones: Does my hon. Friend know of the British steel industry's difficulties with the export of its products? In particular, is she aware of the anxieties of Shotton steelworkers in my constituency which are felt because of difficulties in exporting their products as a result of the high value of the pound? Does she agree that the Conservative party has to face up to a large measure of guilt for that?

Mrs. Liddell: I congratulate my hon. Friend on the concern that he has consistently expressed for the steel industry in his constituency. I am aware that, because of an efficiency drive by the company that runs Shotton, there have been 69 redundancies. We are acutely conscious of the impact of the previous Government's failure to act on the strength of the pound and we are conscious of its impact on exports. Indeed, my hon. Friend the Paymaster General is to chair a special forum devoted to exports. I am sure that he will concentrate on those aspects of the export industry that directly relate to the steel industry.

Sir Peter Tapsell: If the hon. Lady and her colleagues on the Treasury Bench are so proud of the fact that the Bank of England, on their behalf, is tightening monetary policy, how does she intend to face up to the real dilemma that every time interest rates go up not only will the pound sterling strengthen still further but mortgage rates will also go up, with the result that the cost of living index will go up? Surely that real problem will require fiscal approaches.

Mrs. Liddell: The hon. Gentleman rehearses the very argument that got us into difficulties in the 1980s and the Government he supported knew all about that. Before I came into the Chamber today I learnt that the pound has fallen by 2 pfennigs.

I take the hon. Gentleman's point about monetary policy. In that respect, it is important that we have a coherent long-term policy on interest rates. That is why the Chancellor has taken the sensible decision to ensure that the Monetary Policy Committee should take decisions on interest rates independent of the political grandstanding that took place under the previous Government. That affects mortgage rates, which affects the well-being of families throughout the country.

Mr. Geraint Davies: Is not today's failure by the shadow Chancellor to say whether he agrees with the announced interest rate increase a clear signal that the Conservatives can never be trusted again not to lead us into a boom-bust cycle?

Mrs. Liddell: My hon. Friend is perfectly correct. The shadow Chancellor is frightened to say yea or nay because he is frightened about which part of the Conservative party he might have to play to for his further preferment.

Business Costs

14. **Mr. Gibb:** To ask the Chancellor of the Exchequer when he last met the director general of the Confederation of British Industry to discuss the impact of the Budget on business costs. [6192]

Mr. Darling: My right hon. Friend the Chancellor met the CBI on 18 June and I am due to meet its representatives shortly.

Mr. Gibb: At that meeting, did the Chancellor raise his plans to abolish foreign income dividends? Does the Chief Secretary now regret that decision? Will he confirm whether he will proceed with that ill-thought-out and highly damaging measure? The earlier answer from the Economic Secretary will simply add further confusion to an already confused and highly unsatisfactory situation.

Mr. Darling: The situation is not confused at all. My hon. Friend the Paymaster General made the Government's position absolutely clear on Friday at the conclusion of that day's debate on the Budget. If the hon. Gentleman wants to see what my hon. Friend said, he need do no more than read *Hansard*. The situation is widely understood, particularly by those affected.

Mr. Winnick: Would not business costs be less if some of the top bosses paid themselves less in increases? Is my right hon. Friend aware of the 20 per cent. increase given to the director general of the BBC? He will now receive a salary of £354,000 a year. That is in addition to a number of perks, including petrol for private use, two cars and the rest of it. At the same time, redundancies have been announced at the BBC and, in general, employees receive an average increase of less than 2 per cent. Is it not time that the director general of the BBC was told that the organisation is in the public sector and that those who lead public service organisations should behave somewhat differently? Frankly, is it not time that the director general left that organisation?

Mr. Darling: I am bound to confess that I am not familiar with every detail of the director general's pay package. I shall repeat what I have said before, which is that those who lead companies should set an example to all their employees and all those concerned with the firm. Whether they do that is largely a matter for the companies and organisations involved and those to whom the director is responsible.

Business Research and Development

15. **Mr. Breed:** To ask the Chancellor of the Exchequer if he will make a statement on his proposals for fiscal incentives for investment in business research and development. [6193]

Mrs. Liddell: The 2 per cent. cut in corporation tax announced in the Budget, combined with the abolition of tax credits for pension funds, provides a better environment for long-term investment, including investment in research and development.

Mr. Breed: Does the Economic Secretary accept that perhaps even more of companies' funds should be

invested in research and development? Does she also agree that further incentives, by way of providing allowances against additional corporation tax, might be a better use of tax receipts?

Mrs. Liddell: The hon. Gentleman asks a sensible and interesting question, but I shall refer him to the statement that my right hon. Friend the Chancellor made on the Budget. The purpose of reducing corporation tax and abolishing tax credits for pension funds was specifically to ensure that companies could take their own decisions on research and development by retaining more of their profits.

If the hon. Gentleman cares to check the most recent figures for research and development—those of 1995—he will find that there was a 2 per cent. drop in research and development in the United Kingdom. I believe—and the Government believe—that companies that are able to invest more of their own retained profits have a much greater opportunity to invest them in research and development.

Mr. Nicholas Winterton: I warmly welcome the Government's Budget decision to improve capital allowances—something for which I have been campaigning for a great many years. But does not the hon. Lady accept that the increase in interest rates—they will have gone up three times in seven weeks under the new Government—will be counterproductive, particularly to manufacturing industry, which will not be able to invest and may well start making people redundant when it faces increased competition because of the value of the pound?

Mrs. Liddell: I am surprised that the hon. Gentleman should make that point as it allows me to return to the Dispatch Box and say that if the previous Chancellor of the Exchequer had been prepared to accept the advice of the Governor of the Bank of England, action would have been taken on interest rates at an appropriate time. It was the complete failure of the previous Chancellor to have the courage to accept the advice of the governor that has created a number of interest rate rises in recent months.

Rev. Martin Smyth: While I welcome the Government's response, does the Economic Secretary agree that good firms will seek to invest in research and development—some have been following the foresight plan—but that the Treasury does not seem to be fulfilling its side of the bargain? Is it not important that the Treasury should do so? Is this not a problem of old-fashioned interpretation—with more money being invested in pure research, but not enough in applied research?

Mrs. Liddell: I am interested in the hon. Gentleman's point; indeed, I shall return to the point that I made earlier. One reason why the Government cut corporation tax was that the Treasury believes that more money should be invested by companies in accordance with their own priorities. The Treasury does not believe that companies should be forced into having to make dividend payments that might not be in line with their best interests in future. I acknowledge the importance of research and development—particularly in Northern Ireland and in my country, Scotland, especially for high-tech, small companies. It is important that we create a climate in which companies feel free to make those investments without extraneous pressures on them.

Government Assets Register

16. **Mr. Love:** To ask the Chancellor of the Exchequer when he expects the register of government assets to be completed; and when he will publish the results. [6194]

Mr. Darling: The Government are planning to complete the register of Government assets and will publish it by November, as we promised in our manifesto.

Mr. Love: May I take this opportunity to welcome the fact that the Government are producing their register in November? Their willingness to publish the results show that they are committed to openness and transparency in their economic policy. I also welcome the fact that, for the first time since the Domesday book, the Government have a complete list of what they own. Does my right hon. Friend agree that the Government can make more informed use of their assets by knowing exactly what they own?

Mr. Darling: Many people would find it astonishing that the Government have not, until now, known what they own. As my hon. Friend said, for the first time, this November we will be able to show what the Government own. We intend to publish that register because it will enable the Government to make decisions about how best to use public assets in a way that people find acceptable and put them to their optimal use.

Bosnia (War Criminals)

3.30 pm

The Secretary of State for Defence (Mr. George Robertson): With permission, Madam Speaker, I should like to make a statement about indicted war criminals in Bosnia Herzegovina.

At about 8 o'clock this morning London time, British troops serving with the NATO-led stabilisation force in Bosnia took action to detain two individuals against whom the International Criminal Tribunal for former Yugoslavia—the ICTY—had served sealed indictments.

One was Simo Drljaca, the former police chief of the municipality of Prijedor; a town near Banja Luka in Bosnia Herzegovina. The other was Milan Kovacevic, director of the Prijedor hospital.

The two individuals had been indicted by the ICTY for complicity in genocide, for acts against the Bosnian Muslim and Croat people, in the municipality of Prijedor, between 29 April 1992 and 31 December 1992. In 1992, Drljaca was the Deputy Minister of the Interior of Republika Srpska and thereafter the chief of police in Prijedor. Kovacevic was formerly president of the executive board of the municipality of Prijedor.

The first indictee, Drljaca, was challenged this morning by SFOR personnel. He immediately drew a pistol and shot and wounded one of our soldiers. The other soldiers then returned fire in self-defence and Drljaca was fatally wounded. Two other people who were with Drljaca were detained. They have been transferred to The Hague. Three handguns were recovered at the scene.

Drljaca and the wounded soldier were transferred by helicopter to Tuzla military hospital. The British soldier was wounded in the leg, but is not seriously injured. Milan Kovacevic was detained at the hospital and has now been arrested by the ICTY and transferred to The Hague.

Those detentions took place in accordance with the stabilisation force's mandate from the North Atlantic Council, as NATO Secretary-General Solana has made clear. The action had the specific authority of the Secretary-General, the Supreme Allied Commander Europe and the North Atlantic Council. SFOR troops have instructions to detain indictees if they come across them in the course of their normal duties, and providing the tactical situation permits. The SFOR mandate has not been changed. The injury to our soldier and the death of Drljaca illustrate the grave risks involved in such operations and the courage and selflessness of those who serve us.

I am sure that the House will join me in congratulating and commending the courage and professionalism of the British forces involved. I am very proud of their performance, which was up to the highest military standards.

The Government have made it clear repeatedly that they believe that all those indicted for war crimes should face trial at the International Tribunal at The Hague. I strongly held that view when I was an Opposition spokesman, and I repeated my personal commitment—and that of this Government—at the press conference that I held in Sarajevo in May.

With the Chief of the Defence Staff, General Guthrie, I went to Pale on the same visit and told the Bosnian Serb member of the Bosnia Herzegovina presidency, President Krajisnik, of our serious interest in indicted war criminals and, I have to say, we formed the clear impression that the Republika Srpska authorities intended to do little to discharge their solemn obligations. They were not, and have not since been, left in any doubt about the resolve of Britain and our allies to bring to justice those accused of such terrible acts. We will take action when it is practical and sensible to do so.

Thousands of British troops have now served in Bosnia in United Nations and NATO-led operations. They have served to bring peace and stability to a small country whose people have suffered unimaginable horrors. Our troops, like those who acted this morning, serve with skill, professionalism and a genuine commitment to restore a semblance of normality and unity to Bosnia Herzegovina. We owe them and their families a huge debt and today is a good day to make that very clear.

Sir George Young (North-West Hampshire): I welcome the right hon. Gentleman's statement and confirm that the Opposition give their full support to the action taken by British troops as part of the NATO operation in Bosnia. I assure the House that we strongly support action taken to bring to justice indicted war criminals charged with genocide and other serious crimes.

We join the right hon. Gentleman in wishing a speedy recovery to the injured British soldier and in commending British troops for the bravery that they have displayed under fire. Does not that bring it home to everybody that peacekeeping missions inevitably bring some risk to life and limb?

I quite understand that these are highly sensitive matters and that the Secretary of State will not want to divulge additional details. However, would I be right in saying that the mandate has not changed, but the way in which it is being implemented may have been changed? Was that discussed at the recent NATO summit?

What is being done to ensure that the entity leaders in the region are co-operating in bringing alleged war criminals to justice? Are all necessary steps being taken to deal with possible retaliations against British troops as a result of this morning's incident? How many indicted war criminals have been arrested and how many remain to be brought to justice? What would the implications be if NATO were to withdraw next year, leaving at liberty men charged with such serious offences?

Finally, does not all that underline the need for the United Kingdom to retain well-trained and well-equipped armed forces if we are to play our full part in NATO operations?

Mr. Robertson: I thank the right hon. Gentleman for his support for what is being done and for the sensitivity that he has shown for the necessity to keep many of the operational details as confidential as possible.

The decision behind the action was taken at the very highest level in NATO—and that is a point worth underlining again—by the North Atlantic Council and the Supreme Allied Commander Europe, and it is within SFOR's existing mandate.

The right hon. Gentleman asked about the number of people who had been arrested on war crime charges. I cannot give him the precise figure, but 75 other ICTY indictments are outstanding—54 Bosnian Serbs, 18 Croats and three Muslims. At every possible opportunity,

we repeat the obligation of all the entity partners inside Bosnia Herzegovina to comply with their obligation to hand over those personnel to the International Tribunal.

The right hon. Gentleman mentioned operational details and asked whether there might be retaliations. We are well aware of the sensitive nature of the circumstances in Bosnia Herzegovina, and they were clearly part and parcel of the advance plans that we made. On his point about the dangers of NATO withdrawal next year and the end of the mandate for the stabilisation force, those matters are part of a continuing discussion. What matters at the moment is making sure that progress towards the Dayton objectives is maintained. I prefer to concentrate my energies and efforts on that and not become mesmerised by any withdrawal date. The purpose of Dayton and of the stabilisation force is to bring unity to Bosnia Herzegovina, and we must continue to exert pressure to accomplish that goal.

The right hon. Gentleman is absolutely right that today's action and the professionalism of our troops serving in Bosnia Herzegovina and elsewhere—including in the United Kingdom—show the need to maintain powerful armed forces. In the general election, the Government made a major commitment to powerful armed forces, and we intend to sustain that commitment.

Mr. Menzies Campbell (North-East Fife): I also commend the professionalism and bravery of the United Kingdom forces involved in today's operation and express my sympathy to the injured soldier. I commend the Secretary of State for his reticence and restraint in describing the events. I hope that the House will accept that, for reasons of operational effectiveness and security, he should not be pressed further on matters of detail.

Hon. Members with an interest in that region understand that its long-term stability will ultimately depend on the apprehension of General Mladic and Mr. Karadzic. Do not today's events, however, demonstrate the difficulties likely in endeavouring to effect such apprehensions, not least because both men are likely to be much more heavily guarded and almost certainly indifferent to the possibility of civilian casualties?

Mr. Robertson: I am grateful to the hon. and learned Gentleman for his support for today's action. He is right to note my reticence on matters of operational detail. I intend to maintain that reticence during today's cross-examination on my statement—not because I am not proud of the action or the meticulous planning that went into it, but because of obvious reasons of confidentiality and sensitivity. He is right to express sympathy for the soldier who was lightly injured in this morning's events. Those good wishes will be passed on. He is also right to mention the risks involved in any exercise in that part of the world. Today's action amply demonstrates those risks.

Some indictees are well known and, naturally, attention has been focused on them. I should like to describe the situation in Prijedor, however, for the benefit of those who may believe that it is insignificant in comparison to Pale or that the two indictees targeted today were somehow lesser than the Mladics and the Karadzics. Before the war in Bosnia, Prijedor was a multi-ethnic city that contained Muslims, Serbs and Croats. In 1992, it was the site of most brutal and appalling episodes of ethnic cleansing, as the Serb population forcibly expelled Muslims and Croats from the city. Concentration camps were established in Omarska and Trnopolje as holding sites for Muslim captives. There are accusations of mass rapes at one camp, and survivors of another camp claim that male prisoners were forced by Serb camp guards to bite off one another's genitals.

We are talking about the scene of some pretty horrifying war crimes. Today's action was taken in the light of those accusations.

Mr. John McWilliam (Blaydon): I thank my right hon. Friend for his statement and, on behalf of all hon. Members, I ask him to wish the injured soldier a speedy recovery from his wounds. Does my right hon. Friend accept that the presence in one area of so many people indicted for war crimes is in itself destabilising and contrary to the reason for the stabilisation force? I commend the actions of British and allied forces in attempting to stabilise the area, but is it not an indictment of the entire international community that the likes of Mladic, Karadzic and others are apparently able to move around the area at will? Will he assure the House that the strongest pressure will be placed not only on Republika Srpska but on Croatia and Bosnia, to ensure that the activities of those people are curtailed and that they are handed over to the proper authorities?

Mr. Robertson: I am grateful to my hon. Friend for the sympathy and support that he has expressed. We have in no way diminished our resolve in relation to those indicted of war crimes; indeed, today's action is an illustration of the fact that we have not forgotten. Maximum pressure will be kept up on the authorities in Bosnia Herzegovina on whom the prime obligation lies to deliver those indicted of war crimes for a fair trial at the international court at The Hague.

Mr. Nicholas Soames (Mid-Sussex): May I join in the satisfaction so well expressed by the right hon. Gentleman with the conduct and success of our troops in what was clearly an extremely hairy operation, which they conducted with great skill and bravery? Does he agree—I endorse the words of the hon. and learned Member for North-East Fife (Mr. Campbell)—that the indicted war criminals remain a cancer in the life of that country and that, in the interests of stability and peace, they must be dealt with according to the law? Will he confirm that, as they move around, British troops will continue to remain eagle-eyed for opportunities in their normal course of business to deal with them and that, where that is not open to them, other steps will be taken to secure the indictees?

Mr. Robertson: Again, I welcome the comments of the hon. Gentleman, who was a Defence Minister in the previous Government. I also welcome his support on this occasion when I believe the House is united. We shall have to maintain the pressure for those who have been indicted to stand trial. They will get a fair trial, and those who believe that they are innocent and that the accusations have been trumped up will be dealt with fairly and properly in the international court before their international peers. The upholding of the international law is a critical issue, to which the whole stabilisation force from 34 nations is committed.

Mr. David Winnick (Walsall, North): The action taken today by the allied forces is, of course, highly

[Mr. David Winnick]

commendable. What action is being taken to try to persuade the authorities in Belgrade to co-operate, bearing in mind the fact that at least one of the two top criminals mentioned by the hon. and learned Member for North–East Fife (Mr. Campbell) was said to be in Serbia proper very recently? One hopes that the Serbian authorities will recognise how essential it is that, if they are to receive economic assistance, they must co-operate with the international community.

As a lad, I followed closely what happened in Nuremberg in 1946, and I have consistently taken the view that those who are alleged to have committed terrible crimes against humanity should certainly be brought to justice. The most effective means is an international tribunal as has now been established, and which was in fact in action, in a different form, 51 years ago.

Mr. Robertson: I agree with my hon. Friend that it is necessary to bring those who have been indicted to the international court. That is what we are attempting to do. The authorities of the Republic of Serbia have been constantly reminded of their obligations—their voluntary obligations—under the Dayton accord to deliver any of those who have been indicted. There is no doubt that the Republic of Serbia will not gain international recognition unless it fulfils those obligations.

Mr. Martin Bell (Tatton): May I compliment the right hon. Gentleman on his statement and congratulate the British soldiers on the professional way in which they carried out the operation? It has been a long time coming and if it is only a new interpretation of the mandate, it is greatly to be welcomed. The gentlemen concerned are very well known; they are not minor figures, and this is a very significant development. Will the right hon. Gentleman assure us that all the SFOR nations are on board in this enterprise and that British soldiers are not likely to become the arresting arm of SFOR?

Mr. Robertson: I thank the hon. Gentleman for his comments, especially in relation to individual indictees. Today's operation was a multinational action that took place under the stabilisation force's mandate. It was endorsed at the highest multinational level possible, by the NATO Secretary-General and the Supreme Allied Commander Europe. The latter has made it clear, on the day he changes command, that it was authorised in advance by both of them and by the North Atlantic Council.

The hon. Gentleman is absolutely right: our soldiers acted with the professionalism and skill we expect of them, but they did so as part of a multinational effort, and it would be grossly unfair and wrong if they were to be singled out in any way as a result of what they have done.

Ann Clwyd (Cynon Valley): I thank my right hon. Friend for one of the clearest statements of intent by the Government that I can remember, to bring to justice those responsible for war crimes, crimes against humanity and genocide. I remind him that in January we launched a cross-party campaign in the House with the backing of the Prime Minister, the former Prime Minister and many others to bring Saddam Hussein to justice. The campaign was then promoted in Washington and will be promoted again in Strasbourg next week. Does he envisage a similar exercise to bring to justice war criminals such as Pol Pot and Saddam Hussein?

Mr. Robertson: I thank my hon. Friend for her welcome and her warm words about today's action. I assure her that it is an indication of the resolution of the Government, the international community and the stabilisation force. We mean business. The people concerned all know what they have done and I wonder how they can sleep at night. They will certainly not sleep any more soundly in their beds as a result of today's action. We took serious action which was a declaration of intent. They should not miss that point. Dealing with other people outside that area is an issue which perhaps we should return to on another occasion.

Mr. Quentin Davies (Grantham and Stamford): This is unambiguously good news. The whole House will warmly endorse the tribute that the right hon. Gentleman has paid to the professionalism and courage of the British forces involved in the operation, which must have required great precision in planning and execution. Does the right hon. Gentleman agree that no system of justice, international or not, can continue to enjoy the public support on which it must rest if there is any suspicion that it shies away from apprehending those who are alleged to be leaders or the instigators of serious crimes? It would be devastating to confidence in the system of international justice if NATO left the area without the remaining 75 indicted war criminals to whom the right hon. Gentleman referred—particularly Mr. Mladic and Mr. Karadzic—having been arrested.

Mr. Robertson: I thank the hon. Gentleman for his support. The bipartisanship evident on this occasion will be recorded outside the House, including, I hope, by those among whom it might have some effect. The troops whom I visited in Bosnia were distinguished by their military skill and professionalism, and their outstanding commitment to rebuilding the area and establishing unity in a country that has not known it since the Stalinist oppression at the beginning of the communist era. That commitment shines through and should be recorded.

Of course, we cannot hope to establish a system of international justice if people who have been indicted for such terrible crimes never come to trial. That is why the resolution of the international community is on trial. There has been no attempt to shy away from the issues. We must always be conscious of the risks and dangers to our troops in any such exercises. We shall act resolutely when it is sensible and prudent to do so.

Business of the House

3.53 pm

The President of the Council and Leader of the House of Commons (Mrs. Ann Taylor): Madam Speaker, I should like to make a statement about the business for next week.

MONDAY 14 JULY—Consideration of allocation of time motion relating to the Finance Bill.

Proceedings on the National Health Service (Private Finance) Bill *[Lords]*.

TUESDAY 15 JULY—Consideration in Committee of the Finance Bill.

At 10 pm, the House will be asked to agree the summer supplementary estimates, which have already been laid.

WEDNESDAY 16 JULY—Until 2 pm, there will be debates on the motion for the Adjournment of the House.

Completion of consideration in Committee of the whole House of the Finance Bill.

THURSDAY 17 JULY—Proceedings on the Consolidated Fund (Appropriation) Bill.

Until about 7 pm, motion on the Council Tax Limitation (England) (Maximum Amounts) Order.

FRIDAY 18 JULY—Debate on the schools White Paper on a motion for the Adjournment of the House.

MONDAY 21 JULY—Second Reading of the Education (Student Loans) Bill.

The House will also wish to know that, subject to the progress of business—and this is subject to the progress of business—it is proposed that the House will rise for the summer recess on Thursday 31 July. I am not yet in a position to say when we will return in the autumn.

Mrs. Gillian Shephard (South–West Norfolk): I thank the right hon. Lady for her statement.

Along with much of the rest of the House, I am amazed that the right hon. Lady and her Government should seek to impose a limit on the debating of the Finance Bill at this stage in its proceedings. Given that the Bill and the Budget have been lent such portentous significance by the Government, is it not inconsistent with that significance to cram consideration of those measures into a few days?

During last week's business questions, the right hon. Lady said:

"The Government want to see as much transparency as possible in all areas."—[*Official Report*, 3 July 1997; Vol. 297, c. 424.]

It is becoming increasingly difficult to reconcile the right hon. Lady's actions with her words. Will she explain what contribution to transparency, in regard to very complex issues, her business statement represents? As she herself has said,

"The quality of legislation can often be improved by consultation with informed opinion on both the substance and the drafting of legislative proposals."

Does she consider that aspiration to be met by what she proposes in practice—the allowing of just 12 working days between the publication of the draft Bill and the completion of its Committee stage? Do not her proposals demonstrate her Government's high-handedness and disdain not only for the House, its Members and its procedures, but for all who have a legitimate interest in the Budget proposals?

The right hon. Lady should be protecting the rights and interests of Members, and the reputation of the House in the outside world. How can she reconcile the peremptory stifling of a legitimate debate on what she and her colleagues describe as measures of immense importance with the increasingly sanctimonious lectures about consultation that the country is having to endure from the Government? She has put herself into a ludicrous position.

Given the right hon. Lady's much-vaunted enthusiasm for transparency, and given the sadly contradictory statements that she and the President of the Board of Trade made from the Dispatch Box last week within an hour of each other, will she arrange an urgent debate on the current position of the Minister for Trade and Competitiveness in Europe, and on the precise issues on which he is permitted to act and speak? Will she arrange for the President of the Board of Trade to be present at that debate so that she can learn about her own Minister's position? Judging from all written answers to parliamentary questions, the President is confused about his position at present. Given its rapidly changing nature, that is perhaps understandable, but it is nevertheless inexcusable.

Mrs. Taylor: In answer to the right hon. Lady's final question, I made the position clear last week. The Minister concerned has followed "Questions of Procedure for Ministers", and he is not involved in any breach of its requirements. Inquiries have been made to ensure that that is the case, and what I said last week is correct.

On the question of the Budget, I must say that the Opposition have an incredible cheek. Let me give them some rather pertinent facts. First, it is a short Bill. It is less than half the size of last year's Bill and, pro rata, we are allowing more time for discussion. Secondly, we published the Bill in draft ahead of its formal publication, which was helpful. We extended the Budget debate to four days at the Opposition's request. In that respect, we have tried to accommodate all their requests.

We have ensured that the four big issues that the Opposition want to debate on the Floor of the House will be debated on the Floor of the House. We have also agreed to their request that the Committee considering the Finance Bill should have 35 members so that they feel that they have adequate representation.

The Standing Committee will be able to meet for 10 sittings. Last year, it had 14 sittings. This year's Bill has 53 clauses, whereas last year's Bill had 111 clauses. I also point out to the right hon. Lady that we shall provide two days on the Floor of the House to consider the remaining stages of the Bill. Last year, when the Finance Bill was much larger, the previous Government allowed only one day for consideration of its remaining stages.

Finally, Members will see from the Order Paper that the committal motion that we have tabled will be taken immediately after the Second Reading of the Finance Bill today. The motion was designed to meet the needs of the official Opposition that we heard about through the usual channels. A few hours ago, the Opposition changed their mind; therefore, we shall be moving an amended committal motion.

[Mrs. Taylor]

On all occasions, we have tried to meet the wishes of the official Opposition, but the simple fact is that they have refused to make any recommendations as to how much time is required in Committee. Pro rata, we are providing for more time than was allocated to last year's Budget. The Government are entitled to some certainty, given the fact that the Opposition cannot make up their minds on these matters.

Mr. Paul Flynn (Newport, West): When can we debate the contents of early-day motion 219?

[*That this House notes with alarm that of the 600,000 people who were victims of pensions mis-selling, only 10 per cent. have so far been compensated; supports the Economic Secretary in her recent efforts to ensure that those pension companies which engaged in mis-selling are encouraged to settle matters of outstanding compensation without undue delay; supports Government measures to protect and help those who are victims of mis-selling; and calls on the pensions industry to ensure that such a situation as the mis-selling never happens again.*]

The motion makes it clear that 600,000 people in Britain are still awaiting compensation because they were mis-sold personal pensions. Is it not a terrible scandal that companies with national names that are so well respected are behaving so abominably in terms of compensating their victims? They sell pensions, sometimes in a quarter of an hour, but it has taken them seven or eight years to compensate their victims. They move with the speed of a striking snake on speed when selling pensions, but when it comes to compensation their reactions are those of an arthritic sloth. Will my right hon. Friend make it clear to the House that the my hon. Friend the Economic Secretary to the Treasury will report on what progress has been made in compensating these unfortunate people?

Mrs. Taylor: My hon. Friend is quite correct to describe it as a national outrage and, as he says, hundreds of thousands of people are involved. Yesterday, my hon. Friend the Economic Secretary to the Treasury, who is on the Treasury Bench, made the first of what will be regular statements about the state of affairs in respect of action on the issue. She will review the position in the autumn and will make further decisions about what action is required as and when they are needed. Those involved in the pensions industry should be under no illusions. My hon. Friend will keep up her actions, as many people have waited too long for justice.

Mr. Paul Tyler (North Cornwall): Reverting to the subject of the timetable motion, may I assure the Leader of the House that we on the Liberal Democrat Benches do not oppose in principle the programming of the legislation.

Mr. Dennis Skinner (Bolsover): However.

Mr. Tyler: Indeed, there are some advantages. One can ensure proper opportunity to debate all sections of important legislation and obtain proper consultation with outside interests, but—*[Interruption.]* I always like to oblige the hon. Member for Bolsover (Mr. Skinner). The Budget, whether it has 53 clauses, 76 clauses or 176 clauses, is not a mini-Budget. This is not a mini-Finance Bill; it is a major Bill. I hope that the right hon. Lady will have proper regard to such considerations in the details of the timetable motion and, indeed, the timetabling of discussion in Committee, which will, of course, be equally important.

Has the Leader of the House checked that the Bill as it stands complies completely with the very tight constraints for a money Bill under section 1(2) of the Parliament Act 1911. If it does not, there could be major problems in the other place. Will she also address the question of Standing Order No. 50 in the other place? It is headed:

"No clause to be annexed to a Bill of Aid or Supply foreign to the matter",

and states:

"The annexing of any clause or clauses to a Bill of Aid or Supply, the matter of which is foreign to and different from the matter of the said Bill of Aid or Supply, is unparliamentary and tends to the destruction of constitutional Government."

Has she been briefed that the Bill as it stands completely and utterly falls within the natural constraints of a money Bill? If it does, all the issues of timetabling in this House could fall by the wayside. Is she confident that, if there is a delay in the other place, we can still begin the summer recess on the date that she announced?

Mrs. Taylor: Clearly, if there is a delay anywhere, we could not begin the summer recess on the date that I have announced. Of course, the Bill has been checked in the usual way and complies with all the regulations.

I turn to the scale of the Bill. It will bring some major benefits to many people and it is important that we should press ahead on that basis. We have agreed through the usual channels that what Opposition Members believe are the four main items will be debated on the Floor of the House. We have also been accommodating about the issues that should be taken in Committee. I think that we have been generous compared with other years in the total amount of time provided.

Mr. Dale Campbell-Savours (Workington): My right hon. Friend will know that one of our hon. Friends is bringing in a Bill on fox hunting, which many of us will want to support. Is she prepared to consider arranging a special debate on fox hunting in the next few weeks to enable us to put the case for the Select Committee on Agriculture to carry out an early and urgent inquiry into the whole question of fox hunting so that the many thousands of people involved may at least feel assured that their case has been heard in Parliament before we have legislated?

Mrs. Taylor: I can hold out no hope of a special debate on fox hunting of the kind that my hon. Friend wants.

Mr. Peter Brooke (Cities of London and Westminster): The Leader of the House will understand that until we see the details of the timetable motion, we are dealing with shadows. I heard what she said about sittings, but it sounded to me as if there will be an acceleration in lapsed time, which puts a considerable strain on those interests in my constituency who will be wishing to advise on the Bill as it goes through

Committee. Was the Bank of England consulted on whether the accelerated process was sensible on so complex an issue?

Mrs. Taylor: I have no idea whether the Bank of England was consulted. I am not sure of the relevance to the timetabling of business in Committee. As I have said to Opposition Members, we published the Bill as early as possible in draft form so that extra consultation could take place over the weekend. In fact, we went further than usual because we published it on the Internet.

Helen Jackson (Sheffield, Hillsborough): Did my right hon. Friend see an article in *The Sunday Times* that suggested that meetings were taking place between manufacturers of contraceptive pills and health Ministers that might lead to a prescription charge for contraception of up to £8 a month? Does she agree that many women throughout the country would be extremely concerned if such a charge were introduced? Will she take steps to ensure that Parliament is made aware of whether that is the intention of health Ministers?

Mrs. Taylor: There is no need to make Parliament aware of any change, because *The Sunday Times* report is wrong. No proposal has been made to stop free contraceptives and no meetings of the kind described in the article have taken place; nor are they planned.

Mr. Ian Bruce (South Dorset): In view of the decision to put a timetable motion on the Finance Bill, will the Leader of the House make time for a special debate on the windfall tax? I am especially concerned that the windfall tax could be applied to companies other than those mentioned in the Bill, including, for example, BP. Her noble Friend, Lord Simon, who is chairman of BP, will be able to tell her that part of the privatisation process for British Gas included the sale of its exploration interests to BP, which gained a large windfall from that purchase from the Government.

BP, Cable and Wireless, and other companies could fall within the definition in schedule 1 to the Bill and that is so important to the stock value of so many companies—indeed, to the value of the shares that Lord Simon holds—that we should have a special debate on how the windfall tax will apply, to ensure that the definition that the Government believe they have a mandate for is properly applied.

Mrs. Taylor: I can confirm that the first debate on the Budget in Committee of the whole House will be on the windfall tax. There will also be provision for debate on the windfall tax in Standing Committee.

Mr. Dennis Skinner (Bolsover): I have heard some phoney arguments in my time, including those on the so-called guillotine on the Finance Bill. Some Tory Members have been running to the Table Office for several weeks to try to find out when the recess will begin so they can go on holiday, yet they are now complaining. I have a suggestion for my right hon. Friend. If the Tories are so keen on staying, we will stay beyond 12 August when the grouse season starts and then we will see what happens.

May I ask my right hon. Friend for a debate on air safety, because British Airways is now training cabin crews in a few days to man aircraft whose crews are legitimately out on strike? For many people, flying is a nervous matter, and ill-trained cabin crews will make it even more frightening. We should have a debate so that all those matters can be aired.

Mrs. Taylor: I got the feeling that my hon. Friend was taking Members with him until he mentioned 12 August. The protests from Opposition Members have been somewhat half-hearted and, for some weeks, I have received inquiries from them about recess dates.

The British Airways dispute is not a matter for the Government, although we wish to ensure that all air safety requirements are met. We do not want passengers and those who are looking forward to holidays to be worried about air safety.

Mr. Tony Baldry (Banbury): Does the Leader of the House agree that, to justify a guillotine motion, there must be some evidence or assumption that the Bill would otherwise be delayed? The right hon. Lady has made no such suggestion to the House and the only reasonable inference that can be drawn is that the Government are becoming increasingly embarrassed by their finance provisions. Doubtless, she will have seen today in the national newspapers that more than one commentator observed that the Prime Minister got into a terrible muddle yesterday on public spending. When one considers the inflation deflator, the much-vaunted £1.2 billion for the national health service—

Mr. Mike Hall (Weaver Vale): This should be about next week's business.

Madam Speaker: Order. I will determine whether a question is in order. I am waiting for the hon. Member for Banbury (Mr. Baldry) to refer to next week's business. The hon. Member for Weaver Vale (Mr. Hall) must allow me, as Speaker, to determine whether a question is in order. I understand that he is the Parliamentary Private Secretary to the President of the Council, and he should have more sense than to intervene during business questions.

Mr. Baldry: My point about next week's business—and this week's business—is simply this: clearly, the guillotine motion will be used not because the Opposition will obstruct the passage of the Bill but because the Government are frit at the proper scrutiny of their proposals.

Mrs. Taylor: I had not assumed that the Opposition wanted to delay the Bill. They were simply unable to tell us what time they wanted in Committee, and we cannot make decisions on that basis. Timetable motions are not used just to prevent delays and they can produce orderly debates. We have agreed with the Opposition our proceedings for debate on the Floor of the House to make sure that four main issues are debated. The timetable in Committee will be reached by agreement in the normal way. I would say to the hon. Member for Banbury (Mr. Baldry) that if we were frightened of debate on the issue, we would not have extended the Budget debate to four days and we would not have been so generous in the time we are allocating.

Mr. Andrew Mackinlay (Thurrock): May I ask my right hon. Friend whether we can have a debate before the

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summer on the accelerated highways review, particularly in relation to the proposed widening of the M25 for over a mile without any hard shoulder? That proposal is bad for the environment and for transport, and if it were to be approved by the Government over the summer recess it would raise questions about the impartiality of the Government in relation to the terminal 5 public inquiry.

The Department of Transport has given evidence to the inquiry that the widening of the M25 is essential to terminal 5, yet, in replies that I have received, the Government say that they have a different view on the widening of the M25 in relation to terminal 5. It is time that this delicate matter—and the proposed terminal 5, which I abhor—was debated on the Floor of the House.

Mrs. Taylor: I am afraid that I cannot promise my hon. Friend the kind of general debate that he wants. He is a very experienced Member, who usually finds ways of raising the issues that he thinks should receive extra attention. I am sure that it has occurred to him that the usual three-hour Adjournment debate will take place on the Wednesday morning prior to the summer recess.

Mr. Peter Viggers (Gosport): Surely the Leader of the House realises that there is considerable uncertainty in financial circles about the effect of advance corporation tax as it applies to foreign investors, and of foreign income dividends as they apply to companies with large foreign earnings. Surely she realises that this is important to those companies. It is not just a matter of how much time is provided in this House, but how much time is available for debate outside the House, so that those most involved can give a considered view and can advise us so that we can criticise the Finance Bill.

I raised the issue with the Economic Secretary to the Treasury, in relation to comments by the Paymaster General last Friday, and I see from *Hansard* that the reply was just waffle. It is not good enough for the Leader of the House to provide this foreshortened programme to consider such important financial measures.

Mrs. Taylor: I think that there is sufficient time to debate the issues that we are talking about. I have to say to the hon. Gentleman that the issue of advance corporation tax is not one which has been identified by the Opposition as an issue that should be debated on the Floor of the House. It will be for the usual channels to agree on the division of time to debate the issues in Committee.

Ms Helen Southworth (Warrington, South): Along with many of my constituents, I am concerned about the promotion and sale of alcohol to children. I am aware that the Portman Group has set up a task force to look at this matter, but it is very important that the drinks industry does not target its marketing and sales on this vulnerable group of people. Will my right hon. Friend find time in the Government's busy programme for a debate on this issue?

Mrs. Taylor: My hon. Friend is right that this is a very worrying problem, and many parents in particular are concerned about the sale of alcopops. We welcome the Portman Group's attitude and the way in which it is looking into the problem, and we will study its findings in due course. There is a ministerial group looking at alcopops. We are considering it in the context of under-age drinking in general. My hon. Friend made her point about the marketing issues well. Those are points which we would want to take into account.

Mr. John Bercow (Buckingham): May we have a statement from the President of the Board of Trade to explain why at last week's trade and industry questions she did not know the details of the possession of financial interests and their implications by the Minister for Trade and Competitiveness in Europe, even though he is a serving Minister in her Department?

Mrs. Taylor: My right hon. Friend the President of the Board of Trade and others, including myself, made it clear that there is no conflict of interest about Lord Simon and no problem about his shareholdings. He has complied with all the provisions of "Questions of Procedure for Ministers". I am sure that my right hon. Friend was aware of that.

Ms Beverley Hughes (Stretford and Urmston): Is my right hon. Friend aware of the emerging reports that some young people are combining Ecstasy and Prozac—apparently, Prozac intensifies and prolongs the effect of the Ecstasy. As general drug misuse is a serious problem in many constituencies and in the light of her role in co-ordinating the Government's initiative on drug misuse, can she provide an early opportunity for debating that serious issue?

Mrs. Taylor: My hon. Friend is right to say that that is another problem which causes parents and, I think, everyone throughout the country a great deal of concern. Taking any drug is risky. The safest option has to be not to take any drugs. Obviously, mixing drugs in the way that my hon. Friend described is extremely dangerous. We recently announced the grants to drug action teams to counter such problems. From what I have seen in the past few weeks, a great deal of positive work is going on to counter drug abuse and it is important that we all support those efforts to counter silly crazes of that type.

Mr. Nicholas Winterton (Macclesfield): A few moments ago, the right hon. Lady talked about discussions through the usual channels relating to the timetable motion for the Finance Bill. Does she not have a duty to Back Benchers on both sides of the House and not merely to the usual channels? Does she agree that it is odd that a timetable motion should be a weapon of first rather than last resort, bearing in mind the number of questions that Opposition Members have asked on matters of great importance to my colleagues, which perhaps did not appear in the list of priorities of my right hon. Friend the shadow Leader of the House?

Is it not vital to have open government and transparency and to use a timetable motion as a weapon of last resort and not decide on one even before the Second Reading of the Bill?

Mrs. Taylor: I always thought that the hon. Gentleman was in favour of sensible timetabling on all Bills. If he has problems with the usual channels, that is a matter for the Conservative party. We have followed the normal procedures. I repeat that we did not lack generosity when it came to discussion of the Budget. We had four days for the Budget debate and we are having a Second Reading debate

and two days in a Committee of the whole House. There will be 10 sittings in Committee upstairs and then we are allowing two days for Report. I do not think that that lacks any generosity in terms of the time provided.

Helen Jones (Warrington, North): Is my right hon. Friend aware of the deep concern felt by many Labour Members about the proposals set in train by the previous Government to reduce the number of Customs officers? In view of the serious implications of that proposal, particularly for the importation of illegal drugs, will she find time for an urgent debate on that matter so that those concerns can be raised on the Floor of the House?

Mrs. Taylor: The previous Government made such proposals. My hon. Friend the Financial Secretary to the Treasury, who has responsibility for Customs officers, has been concerned about the possible impact of those cuts. I have talked to Customs officers about their drug-related work and we attach great importance to that. We will have to await the outcome of further discussions, but I hope that we do not have to wait too long before a decision can be announced.

Mr. Malcolm Bruce (Gordon): Will not the Leader of the House acknowledge that she is rather missing the point on the compressed timetable for the Finance Bill? The problem is not that she is not providing enough sittings in the House but that she is making a fundamental mistake: she is on the record as saying that the Bill is effectively a minor measure implementing the Labour party's manifesto commitments, whereas in fact it contains major proposals that were not in the manifesto and have considerable implications that, as Government Members' confusion shows, are not fully understood even by them. It is not possible for those affected to marshal the arguments between now and the end of the month.

Mrs. Taylor: I believe that many people have marshalled the arguments. People who operate in the sector are well able to work quickly. I did not say that the Bill had no major proposals—every Finance Bill will probably contain major proposals—but I said that it was half the size of the previous Finance Bill. I thank the hon. Gentleman for saying that we are allowing enough sittings on the Bill.

Mr. Andrew Love (Edmonton): Will my right hon. Friend find time to debate early-day motion 96?

[*That this House notes the considerable pressure being applied to the Nationwide Building Society which is committed to remaining mutual to become a bank; further notes that this would threaten homeowners with higher mortgage interest rates and savers with lower interest rates; and calls for the mutual status of building societies to be respected and maintained to ensure that homeowners and savers have more choice.*]

The motion concerns building societies and the future of the financial services sector. Building societies are under threat. Despite previous demutualisations, the existing building societies are committed to their current status. Mutuality brings stability, not to mention choice, diversity and much-needed competition, to the financial services sector. The matter is urgent and I hope that my right hon. Friend will be able to give us some time to discuss the implications for the health of the financial services sector.

Mrs. Taylor: I am aware that some people are concerned about developments in the area. We recently had an Adjournment debate on this very matter. I appreciate my hon. Friend's concerns, but I do not think that it will be possible to find time at an early stage for the debate that he wants. I regret that.

Mr. William Thompson (West Tyrone): The Leader of the House will be aware that there are motions on the Order Paper concerning the setting up of Committees of the House. When might they come up for consideration, and does she have any role in the composition of Committees? An examination of the names suggests that the Government have seven members on the Select Committees, and the Opposition four, which means that small parties such as the Ulster Unionist party are poorly represented. Will the right hon. Lady consider our objections?

Mrs. Taylor: The Committee of Selection made its nominations yesterday for a number of Select Committees. Those stand on the Order Paper and will be considered in due course. The composition of those Select Committees has been determined on a ratio, as is normally the case. There is nothing exceptional about the balance. Indeed, on several Committees the Government have, quite exceptionally, offered extra places on occasions, to ensure the best possible representation. If the hon. Gentleman has any other problems, he should take the matter up with the Chief Whip of the minority parties, who deals with such negotiations.

Mr. Lindsay Hoyle (Chorley): Has my right hon. Friend heard the good news that the Germans have committed themselves to the Eurofighter? That is good news not only for Chorley but for the rest of the country, as it will safeguard 32,000 jobs. When can we expect a general debate on defence?

Mrs. Taylor: I know that my hon. Friend had a useful debate on the issue yesterday. It is slightly premature to say that the Germans have committed themselves formally to the Eurofighter, but the indications are positive. I am sure that he was pleased that my hon. Friend the Under-Secretary of State for Defence said yesterday that the Government were committed to the purchase of 232 Eurofighters. I am afraid that it will not be possible to have a more general debate before the recess, but I said last week that I hoped that we could have a defence debate before too long, and I hope that we will do that when we return in the autumn.

Mr. Nicholas Soames (Mid-Sussex): Will the right hon. Lady reconsider an application that I made to her last week for a debate on the Budget leak that was so widely discussed in the Sunday newspapers? Opposition Members understand that there is always speculation about Budgets, but does she agree that it is plain—and everyone knows it—that there was a leak? Will she therefore assure the House that, instead of the frivolous answers given by the Prime Minister, there will be a serious inquiry into what is an extremely serious matter?

Mrs. Taylor: I do not think that my right hon. Friend the Prime Minister was frivolous. I do not accept the hon. Gentleman's basic proposition that there was a leak. As he said, there is always speculation about Budgets.

Mr. Paul Burstow (Sutton and Cheam): Will the right hon. Lady find time next week for a statement on the

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Government's attitude to a decision on community care by the Law Lords that need is no longer the only basis for assessment? That has fundamentally changed our understanding of how community care should be assessed. As the Government last night failed to support in the other place a private Member's Bill introduced by Lord Ashley which would have returned the position to that understood by everyone for the past 27 years, we desperately need a statement. Many thousands of people outside this place rely on that legislation for support, and they no longer feel that it is there.

Mrs. Taylor: We all know that the funding of community care has always been a problem, both for local authorities and the Government, but I am afraid that I cannot hold out much prospect of a debate or statement. It would not be helpful to comment on a private Member's Bill in another place.

Mr. Mike Hancock (Portsmouth, South): I am very grateful, Madam Speaker, for your patience in getting this far. I should be grateful if the Leader of the House could persuade her ministerial colleagues responsible for housing to table a motion before the recess in Government time to do something about the housing crisis faced by the nation and, in particular, by the city of Portsmouth, which I represent. Despite the fact that it has sold council houses and amassed a £50 million fortune, it is getting less than £1 million to tackle the serious issues that we face in a city where the housing situation is no better than it was 25 years ago when I entered local government there.

Mrs. Taylor: The whole House knows that we inherited many housing problems, but it also knows that we are very short of time before the recess. I cannot therefore hold out any prospect of the debate that the hon. Gentleman wants. We have, of course, made progress on the Bill to release capital receipts, which will be widely welcomed.

Sir Patrick Cormack (South Staffordshire): Is it not mildly ironic that when the House should be debating the timetable motion, the Select Committee on Modernisation of the House of Commons is supposed to be sitting upstairs? What really is the point of hon. Members giving their time and effort to try to modernise our procedures if the right hon. Lady anticipates things, rides roughshod over the House and gives the old meaning to the word "transparency"—that one can see through her?

Mrs. Taylor: If the Select Committee on Modernisation of the House of Commons makes progress, we may not need so many guillotines in future.

Points of Order

4.33 pm

Mr. David Heathcoat-Amory (Wells): On a point of order, Madam Speaker. In answer to one of my hon. Friends, the Leader of the House said that we had not selected dividend tax credit abolition as a subject for debate on the Floor in Committee. If she were more familiar with the Bill that she is attempting to ram through the House, she would know that clause 19 deals with that subject and that we asked for it to be debated. In case she misled the House—inadvertently, I am sure—will she take this opportunity to correct herself?

The President of the Council and Leader of the House of Commons (Mrs. Ann Taylor): Further to that point of order, Madam Speaker. I was asked about advance corporation tax. I was not aware that that was one of the issues on which a debate had been requested. [HON. MEMBERS: "They are the same thing."] If I was wrong, I apologise, but I thought that ACT and dividend tax credits were two aspects of a different problem.

Mr. Peter Viggers (Gosport): Further to that point of order, Madam Speaker. I am the hon. Member who asked the question. I specifically asked about ACT and foreign dividends.

Mrs. Cheryl Gillan (Chesham and Amersham): On a point of order, Madam Speaker.

Madam Speaker: Is it related to the previous matter, which was not a point of order but a point of information? I will take only points of order.

Mrs. Gillan: It is a point of order of which I gave you notice earlier. It relates to the abuse by the President of the Board of Trade of the Standing Orders of the House. In the 1997 edition, under Standing Order No. 22(4), a Minister is required to give an answer on a named day. Earlier this week, I tabled six simple questions on matters of fact. I received six answers on the board yesterday which read:

"I will reply to the hon. Member as soon as possible."

That is not the spirit of the Standing Orders. When the President of the Board of Trade does not even know fully about the interests of her Ministers, do you agree that when we table questions that ask for answers by a certain date, she should at least have the courtesy to reply in full, rather than fobbing Members off with answers because she finds the answers too difficult to give?

Mr. Dale Campbell-Savours (Workington): On a point of order, Madam Speaker.

Madam Speaker: Order. I am on my feet.

Mr. Campbell-Savours: It is on this matter.

Madam Speaker: I am on this matter. The hon. Lady may not like the answers that she has received, but they are in compliance with the Standing Orders of the House.

BILL PRESENTED

EDUCATION (STUDENT LOANS)

Mr. Secretary Blunkett, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Mr. Secretary Dewar, Secretary Marjorie Mowlam and Dr. Kim Howells, presented a Bill to make further provision with respect to public sector student loans: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 44].

Orders of the Day

Finance Bill

Order for Second Reading read.

4.36 pm

The Chief Secretary to the Treasury (Mr. Alistair Darling): I beg to move, That the Bill be now read a Second time.

This is a further day of debate on this year's Finance Bill. We have had a four-day Budget debate. We had a day's debate yesterday effectively on the Finance Bill, in Opposition time, and today is the Second Reading debate. We have a further two full days on the Floor of the House next week and thereafter the Bill will go into Committee.

I spoke at some length on Monday evening and yesterday. I hope to be comparatively brief today, consistent, of course, with my obligations to introduce the Bill in the House. The Finance Bill implements the Budget introduced by my right hon. Friend the Chancellor last week, which set out the priorities for the Government and the people of Britain. The Finance Bill is designed to equip Britain for a long-term future and to ensure that everyone can share in higher living standards and greater job opportunities. It implements a Budget which looks to the long term rather than to the short-term interests that have been pursued in the recent past.

In the 10 weeks since we came to power, we have set out a clear strategy for achieving a prosperous and secure future for everyone. The Budget implements several measures that are a key part of that strategy. It is a Budget for economic stability. First and foremost, we wish to put an end to the repeated cycles of boom and bust. As we said earlier this afternoon in Question Time, we have inherited a fundamental weakness in the British economy. The Budget and other measures seek to put the country on a stable footing. We have tightened fiscal policy. We have set tough new rules on public borrowing and debt which build on other changes such as setting up the Monetary Policy Committee under the Bank of England to help enable us to meet our inflation target of 2.5 per cent.

This is also a Budget for investment. Along with stability, investment is a key to our economic success. It needs to be long-term investment. As my right hon. Friend the Chancellor has said before, at this stage in the economic cycle, investment levels ought to be far higher. They are lower than in many competitor countries. So the Budget and the Finance Bill include fundamental changes to the tax system, as well as targeted measures aimed at encouraging investment in business.

Our future depends not only on investment in business but investment in the people of our country as well as its infrastructure. My hon. Friend the Paymaster General has made major and far-reaching reforms to the private finance initiative, the fruits of which we are already beginning to see.

In particular, the Finance Bill introduces measures and programmes to get the young unemployed, the long-term unemployed and lone parents back into work. That is a fundamental part of our Budget strategy and part I of the Finance Bill implements it. Both measures are aimed at modernising the welfare state. If we are to have a stable

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and prosperous future that is shared by everyone, we need to do far more to get people from welfare into work and to change the culture of the country.

The Budget is also about fairness, to which we are committed. The decisions that we have taken in the past few weeks, not least to reduce VAT on domestic fuel, which will help many poor people as well as many of the elderly, will demonstrate to people that this is a fair Budget. Part of the finance to pay for that cut has come from the abolition of tax-favoured treatment of private medical insurance, which benefited just a few people.

The Budget also protects the environment. High and stable levels of growth and employment must be achieved by environmentally sustainable means. The protection of the environment is at the core of the Government's tax objectives announced in the Budget.

My right hon. Friend the Chancellor has set out a strategy for stability, long-term investment, modernisation of the welfare state and a fair tax system. The Bill implements that strategy.

Before I discuss the Bill in detail, I should just like to say a word about the procedure that will be followed, about which there was much comment during business questions, which have just ended. My comments are directed not only to the House but to those who follow our proceedings and read accounts of them, because it is important that they, too, appreciate the position.

The length of the Budget debate was agreed through the usual channels, as was the start date for the Committee stage. We also agreed to the Opposition's request for a Committee of 35 members, which is quite large. Unfortunately, it was not possible to agree to an end date for the Committee. For that reason, we had no choice but to table a guillotine motion. It is in no one's interests that uncertainty should continue beyond the summer recess, and it is in everyone's interests that the Finance Bill should become law by August.

The Bill is short—less than half the length of the one produced last year. I acknowledge that it contains some controversial measures, but there is ample time for the Standing Committee and the House to consider amendments next week, although I am not aware that any amendments have been tabled so far.

The Standing Committee will meet for five days and have up to 10 sittings. Last year, it had 14 sittings, but the Bill was double the size of the current one. We have been more generous in our allocation of time than the previous Government. It may not have been apparent to Conservative Members as they sat in their ministerial offices, but, having endured 10 years in opposition, I am not aware that the then Government ever extended to us, the then Opposition, the courtesies that we are now extending to the current Opposition. We have endeavoured to co-operate at every single stage. It is a matter of regret that the Treasury Whip has been unable to pursue discussions with his opposite number about the timetable during the Committee stage. That, after all, would enable Conservative Members to discuss the very issues that I know that they and outside interests want to discuss.

We have seen what happened to our provisions to scrap the assisted places scheme and our proposals to allow a referendum on Scottish devolution: Conservative Members used the tactic of filibustering. We therefore have every right to be concerned that if we do not take action to ensure orderly debate, many of the controversial measures that concern people inside and outside the House may not receive the scrutiny that they deserve.

Some of us remember the Finance Bill of 1992, when the then Government imposed a guillotine at a similarly early stage in the proceedings. They did so to ensure that we did not reach the new clauses and our motion to reduce the rate of VAT. There is therefore a precedent for our action.

Conservative Members may wish to recall that between 1979 and 1997 the Government used the guillotine 82 times on 61 Bills. I therefore repeat this offer on behalf of the Government: we are prepared to co-operate in the time allotted to ensure that those details of concern to hon. Members on both sides as well as to outside interests are dealt with satisfactorily. However, if Conservative Members are interested only in filibustering, I am sorry to say that they are letting themselves down as well as those who have every right to expect that the Opposition oppose Bills responsibly, as Labour Members did over the past few years.

We are anxious to establish economic stability.

Mr. Peter Lilley (Hitchin and Harpenden): The right hon. Gentleman said that in 18 years a total of 61 Bills were guillotined, which is an average of just over three a year. The current Government have guillotined three Bills in two months. That is a big difference.

Mr. Darling: I am not sure what point the right hon. Gentleman is seeking to make. During the 18 years in which the Conservatives were in power they used the guillotine on 82 occasions. Without wishing to digress too far from the Finance Bill, it was essential to get the measure to allow a referendum on Scottish devolution through to enable people in Scotland to have the opportunity to vote this autumn. Had Conservative Members wanted to discuss that matter seriously, they could have done so. Instead, we had a series of ludicrous amendments, which were obviously designed to waste time. The same was true of the debate on the assisted places scheme.

I repeat the offer that I make on behalf of the Government. There are important measures in the Finance Bill and if any hon. Member wants to table amendments, we want to facilitate that discussion. I hope that, as a result of the measure we are taking next week, when we will arrange for the Bill to be debated in an orderly manner, there will be plenty of opportunity to discuss that detail in a manner which, most importantly, is appreciated by those who will be affected by it.

Mr. James Clappison (Hertsmere) *rose—*

Mr. Darling: I do not wish to speak for too long, but as the hon. Gentleman is becoming so distressed I do not wish to prolong his agony.

Mr. Clappison: I am not distressed. The right hon. Gentleman referred to the Bill to scrap the assisted places scheme. I should like him to take into account the fact that the Government tried to take it through its Committee stage in one evening, but, as a result of the valuable

debate that took place, it emerged that the Government were breaking one of their promises. As a result of that valuable debate, the Government had to change their mind and make some concessions to try to keep their promises.

Mr. Darling: This Government do not break their promises. I popped into the Chamber during that debate because I wondered what on earth was going on. It was perfectly obvious to me that Conservative Members were engaged in a good old-fashioned filibuster—a tactic which many Oppositions have used in the past. We are anxious to ensure that the Finance Bill is properly scrutinised. In terms of the time allocated and the length of the Bill, our arrangements are generous compared with what happened in the past.

One of the Government's central objectives is to achieve a degree of economic stability that we have not seen in this country for many years. As I and others have said, it is surely the central objective of any Government policy to obtain long-term economic stability to allow individuals and businesses to plan for the future, to invest and save. We have taken a number of measures to achieve that stability in the domestic market.

Clauses 15 and 49 of the Bill, for example, will implement measures that we believe will calm the housing market. No one wants to see a return to the so-called Lawson boom of the late 1980s, for which many Conservative Members must bear some responsibility. It led to an unsustainable boom, which was followed by one of the deepest recessions in our country since the first world war. As a result, many people, having bought their houses, have been unable to sell and recoup the losses that they had made. My right hon. Friend has therefore taken the necessary steps to ensure that the housing market does not get out of control as the Conservatives allowed it to do in the late 1980s.

As I have said, we want to encourage long-term investment, and a number of measures in the Bill will enable us to encourage that process. They must be taken together with the steps that we took early on entering office when we handed operational responsibility for setting interest rates to the Bank of England. The confidence that inflation and long-term interest rates will remain stable and low, so that firms can make long-term investments, is extremely important. In order that firms can retain and invest many of the profits that they earn, clause 18 of the Bill cuts the main rate of corporation tax to 31 per cent. That measure is accompanied by provisions to reduce the small companies' rate of corporation tax to 21 per cent. It is a major step in the right direction and has been widely welcomed.

As has been discussed at great length in the House—I dare say that hon. Members will want to scrutinise the subject in Committee—we are also introducing measures to remove the distortion in the tax system, whereby a company that retains its profits for reinvestment is taxed at 33 per cent. but if the money is paid out to a pension fund it is effectively taxed at 16 per cent. We believe that investment decisions should be taken by businesses, not the tax man. Part III of the Bill aims to put that right.

There are other measures to encourage investment. Clauses 42 and 43 introduce a temporary doubling of the allowances for investment in the next 12 months—they are targeted particularly on small and medium-sized businesses. As a result, £230 million less tax will be paid by business than would otherwise have been the case. I should have thought that all hon. Members would welcome that proposal at this stage in the cycle when investment levels are far lower than one might reasonably expect.

On top of that general investment incentive, for the first time, clause 48 introduces a special regime for British films. The British film industry has undergone something of a renaissance in the past few years. British sites are being used for filming, not least in my constituency and in my street. Over the past couple of years, many films have been made and have brought great benefit to this country. I hope that hon. Members will support our measures.

The Budget also sets about modernising the welfare state. That was a fundamental part of our election approach and was set out in our manifesto. The new deal for the unemployed will be financed by a windfall tax on the privatised utilities, which is implemented in part I of the Bill. I am not sure whether the Tories still oppose that part of the Bill as they have not mentioned it recently. In case they do, I remind them that it is an important part of any Government's strategy. We must change the culture of this country whereby many young people feel that they have no obligation to society and no chance to contribute and believe that they live in a country from which they are effectively excluded. It is essential that young people be given the opportunity to train and to work to improve their qualifications.

As we have said often before, in a world where capital is increasingly mobile, the skills and training of the work force will mark us out as a place to invest. The private utilities were sold far too cheaply and the windfall tax has been pitched at exactly the right level, as subsequent events have borne out. Above all, we must remember that the proceeds of the windfall tax will be an investment for the future.

Mr. Malcolm Bruce (Gordon): The Chief Secretary is setting out a long-term objective with which many of us would agree and we hope that he and his Government succeed in fulfilling it. Will he acknowledge, however, that there is a short-term tension at the heart of his proposals? The Government are taking not only £5 billion in the windfall tax but, if they succeed in getting the Bill through the House, an additional £5 billion from advance corporation tax relief while, by their own admission, they are tightening still further the public spending squeeze. The Scottish Office figures show that there will be a real cut of £126 million this year and £25 million next year. The Chief Secretary and the Chancellor of the Exchequer are both Scottish Members. Can the Minister explain how the short-term needs of the public services in Scotland can by met? Would it not be sensible to use some of the revenue that he is bringing in at least to maintain the real value?

Mr. Darling: Even before the Budget, my right hon. Friend the Secretary of State for Scotland announced a significant reordering of spending priorities within the Scottish Office to enable it to help—for example, through the rough sleepers initiative and housing measures. As I keep telling the hon. Gentleman, although he does not appear to listen, the real-terms increase in health and education spending, as well as the windfall tax proceeds

[Mr. Darling]

which will be used to improve schools, will be of significant benefit to the Scottish Office and the people of Scotland, as well as to the whole country.

The hon. Gentleman says that it is all very well for the Government to consider the long term, but what about the short term? If he were standing here in my position, what would people make of his strategy? He seems far more concerned about today and tomorrow and will not lift his eyes to see that unless we solve the long-term problems, we shall never resolve the short and medium-term problems. Part of the problem that we face as an incoming Government is that it is obvious that the outgoing Conservative Government never looked to the long term.

Every day, I go into my office in the Treasury and I wonder whether or not Conservative Ministers knew that they were never coming back. We are having to pick up the consequences of decisions that could never have been taken by people who expected to be returned to office. When they left, there was something about their mental state—they knew that they would not be coming back and we have had to pick up the pieces. Across the board, we are introducing measures to stand this country in good stead in the long term.

The subject of fairness may be something of a puzzle to Conservative Members, but others may wish to listen. Fairness is an essential component of any tax policy. It is for that reason that we are reducing VAT on domestic fuel to 5 per cent. The Conservatives wanted to put it up to 17½ per cent., which would have hit many of the most vulnerable and poorest people in this country. Is it not ironic that one of the measures that the Conservative party wants to discuss next week is our measure to remove tax relief on private medical insurance? Although that tax subsidy existed for six or seven years, the number of people who took advantage of it never changed: it was a subsidy for people who already had private medical insurance. It is obvious from the Conservative party's stance that it was far more concerned with the few people who would benefit from that relief than the many who will benefit from our measures to reduce VAT. That is why we make no apology for removing the relief. Governments should give reliefs only where they are justified and where they will benefit the majority: they should not give a relief to people who will behave in the same way whether or not they receive it—as happened with the private medical insurance subsidy.

We are introducing other measures to close tax loopholes—something to which we have always attached great importance. All those who exploit loopholes should be on notice that we intend to take a firm line; clause 26 and clauses 44 to 47 begin that process. As my right hon. Friend the Chancellor said, the Inland Revenue is carrying out a wide-ranging review on tax avoidance with a view to introducing legislation in future Bills. It is also considering the case for a general anti-avoidance rule.

Another important issue is the protection of the environment—something that is often talked about, but on which few Governments take action. The previous Government made some welcome steps which we are carrying forward. As the Red Book made clear, we believe that there is a role for the tax system to discourage behaviour that damages the environment and, equally, to encourage behaviour that is good for the environment. Clause 11 increases the rate of tax on hydrocarbon oils. Clause 12 increases the duty on tobacco, for which we make no apology. It is important to deter people, especially young people, from starting to smoke. It is intensely depressing to travel up and down the country and see that smoking among young people appears to be becoming more prevalent.

By now, the Finance Bill will be familiar to the House and to many people outside it. As I have said, we are happy to debate the detail of the Bill as thoroughly as possible. We believe that its central measures are important for the long-term good of this country. More importantly, they implement the promises that we made at the election. We have kept our faith with the British people, which is something that many in this country will welcome.

4.58 pm

Mr. David Heathcoat-Amory (Wells): Contrary to the rosy picture presented by the Chief Secretary, the country is beginning to pay the bill for a Labour Government. The rhetoric of the Budget has given way to the reality of an unnecessary and tax-raising Finance Bill. The Government have been in office only 10 weeks, but the cracks are already appearing.

The first thing the Chancellor did—almost on the first day he took office—was to hand decisions about interest rates over to the Bank of England. He cannot hand over responsibility for monetary policy, but decisions are now to be taken by others. A little later, he relaxed the inflation target. We met our inflation target of 2.5 per cent. or less by the election. That was the achievement of my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who never relaxed his determination to get inflation down permanently and to meet our inflation target by the date of the general election. He did it.

The new Chancellor loosened the inflation target to an aim of 2.5 per cent. a month with a 1 per cent. tolerance either side of that target before various letters and explanations are to be demanded from the Bank of England. That sent a clear message to the markets, to economic participants and to the world at large that Labour Governments are soft on inflation. They always have been in the past and this one is no different. That was confirmed in the Budget arithmetic published last week as part of the financial statement. The higher prediction for inflation is built into the plans, so the Chancellor expects to break his own inflation target. I do not know whether that should be the subject of a letter he writes to the Bank of England or whether the Bank of England should write to the Chancellor, but it is clear that inflation is set to rise this year and next and it is written into the Red Book.

Mr. Darling: Can the right hon. Gentleman tell us whether the Opposition believe that the Bank was wrong to raise interest rates today?

Mr. Heathcoat-Amory: We would not have relaxed the inflation target or given away decision making about monetary policy to the Bank of England. We would not have introduced a Budget that will increase inflation. If the Government will address all those issues, we will tell them what we might have done in the hypothetical situation about which the right hon. Gentleman asks.

The Chancellor could have done something about inflation in the Budget. I do not know whether there are some neo-Keynesians in neo-Labour, but there are those

who believe that tax increases should be used to regulate the economy. I am not sure that I am one of them, but there is a view that excessive consumer expenditure can be damped down in a Budget. The Chancellor could have done that, but, instead, he chose to hit not consumers primarily, but savers, pension funds and utility companies. To that extent, it was a missed opportunity.

The Chancellor increased some taxes on consumers directly and, to that extent, contributed directly to inflation. He increased indirect taxes on tobacco and fuel. He put up the duties on petrol, diesel and heating fuel immediately, bringing forward those increases by five months. That netted him an extra £750 million in the current year, but it goes straight on to the retail prices index.

It should not go unremarked that the tax increases—17 in all, including the indirect tax increases—make it a regressive Budget. The Institute for Fiscal Studies has calculated that the poorest 10 per cent. will be hit hardest by the tax changes that have been announced, so before Labour Members become all sanctimonious about how only they look after the poor and the disadvantaged, they should reflect on the fact that they are being invited to approve a regressive Budget.

Faced with the fact that the Budget and the Finance Bill have relaxed the inflation target, that the Red Book predicts that the Chancellor will miss his own inflation target and that the Budget has not only failed to deal with inflation but has added to it, the Bank of England has now raised interest rates again—the third increase since the election.

The verdict of the Monetary Policy Committee was that 6.5 per cent. was adequate a few weeks ago. Having studied the Budget and the Bill, it now evidently concludes that an extra 0.25 per cent. is needed. That is the result of the first 10 whirlwind weeks of the new Government.

Mr. Darling: I am sure that the right hon. Gentleman did not mean to mislead the House on that point. The Bank of England's report today notes the fiscal tightening in the Budget last week and further notes that the problems have arisen over a long period. Will he accept that the former Chancellor was advised on many occasions, specifically in February, that if he did not take action to increase interest rates he would not hit the target in the long term?

Mr. Heathcoat-Amory: Of course the Chancellor attempted a fiscal tightening in the Budget, but I have explained that the targets he hit on the revenue side of his Budget were not directly consumers, but pension funds, savers and businesses and that the extent to which he did put up taxes has had an inflationary effect. The Bank of England must have taken all that into account before deciding on a third increase in interest rates since the election.

After that 10-week period, we are left with higher inflation and more to come, higher interest rates and higher taxes. Of course, we had a stock market rally, but before the Government take too much comfort in that they should see what it consisted of. Retailer and bank shares were up, but the shares in manufacturing and engineering companies and exporters were down. Is that what the Chancellor meant by rebalancing the economy?

This was not a Budget for investment. Yes, corporation tax came down a little for businesses that are incorporated, but we know that most small businesses are not incorporated. There were some short-term increases in capital allowances, but nothing for the long term. The point is that all that was overwhelmed by the sum that the Chancellor is taking out of the corporate sector. One cannot take out a net £3 billion from British companies and expect them to increase their investment plans. That is what the Budget did and now the interest rate increases make the message even clearer. It will be more expensive to invest and the strength of the pound means that exporters will find things even worse. The message is clear—Labour is bad for business.

The central claim of the Budget is that it is for the long term. That was supposed to be the Budget's hallmark. The first item in the Finance Bill is the windfall tax. I do not know whether that is supposed to be long term or whether there are to be other windfall taxes. If participants in the private finance initiative do too well out of a deal, I wonder whether there will be a windfall tax on them. If the Government try to privatise London Underground or air traffic control services, I wonder whether there will be a windfall tax if the shareholders do too well. Perhaps that is what the Government mean by making the windfall tax long term. The only sense in which the tax covers a long period of time is that it is retrospective to the extent of 13 years to find the profits that the Government want to tax. They want to spend the money not in the years stretching ahead, but in short-term employment subsidy schemes.

Already the tax is in a muddle. We were told by the Paymaster General on Friday that he had made some mistakes about how the tax was to be calculated and that he would bring forward an amendment. He told hon. Members that they should not worry as it was only a small matter. Well, it is not a small matter when the Government use the coercive powers of taxation against a group of British companies that they have singled out for allegedly making excess profits and then fail to table the correct way of doing it and expect us all to work it out from some elliptical remarks by the Paymaster General on a Friday morning.

It is disgraceful that the Government are rushing through a Bill that they prepared in only a few weeks without any regard for the principles of openness or consultation and without the publication of draft clauses—about which they made so much in opposition. Then, they talked about the importance of improving legislation by consulting those affected and by publishing draft clauses and so on—but all that has been forgotten. They published some sort of a draft Bill over a weekend and they think that it is a substitute for all the things that they urged on us when they were in opposition.

The proposed timetable is a disgrace. This is a colossal tax-raising Budget which includes 17 tax rises and a huge, new, complicated tax. The schedules that deal with the windfall tax alone run to 15 pages. Pages more deal with anti-avoidance legislation. All that is to be forced through in short order. There is to be a guillotine even before the Committee stage has started. That has not been provoked by any filibustering; there has been no attempt to disrupt the Bill. It is simply that the Government want to push it through and get away for their summer holidays.

[Mr. Heathcoat-Amory]

Realistically, there is no opportunity for outside bodies, tax institutes, professional bodies and those affected by the Bill to contribute to the Committee stage. I understand that the Committee is to sit on successive days, whereas usually Finance Bill Committees sit two days a week. That should worry Labour Members because they were sent here to scrutinise the Executive. They are supposed to look carefully at the legislation on which they will be voting. They have a duty to ensure that the legitimate points made by outside interests are considered.

We have already heard from the Paymaster General that there is something wrong with the clauses dealing with foreign income dividends. During questions earlier, the Chief Secretary said that it had all been made clear last Friday. I looked up exactly what the Paymaster General said about foreign income dividends:

"We are also looking sympathetically at the position of UK-based groups with a substantial amount of foreign income."—[*Official Report*, 4 July 1997; Vol. 297, c. 586.]

He said nothing else—there was no clue as to whether he intends to withdraw the clause or change it.

We have heard that the Treasury has received telephone calls from British companies with large amounts of foreign earnings. They say that if the Government persist with the clause as drafted they will simply relocate to other countries. That would blow a hole in the Government's claim of making Britain the number one magnet for foreign investment—as, in fact, it was under the Conservative Government.

I hope that the Minister who is to reply to the debate will make clear the Government's position on foreign income dividends. Picking up stray comments from the Government, it appears that there is something wrong and that the Bill on which we are being invited to vote this evening does not reflect the Government's current view on foreign income dividends. If that is so, we should be told that before, rather than after, we vote on Second Reading.

There is one group outside the House whose voice has been heard and who are now clear about where they stand with the Government. All the people who are building up pensions and saving and investing for the future now know that they have been robbed by the Government. The evidence is overwhelming.

Mr. Gareth Thomas (Clwyd, West) *rose—*

Mr. Heathcoat-Amory: Perhaps the hon. Gentleman wants to give us some examples.

Mr. Thomas: Does the right hon. Gentleman accept that his party's claim, rather late in the day, to be the pensioners' champion is regarded by many older people as extraordinary effrontery? It lies uncomfortably with reality and with the previous Government's record, which included, among other things, the imposition of value added tax on domestic fuel—something which hit pensioners very badly.

Mr. Heathcoat-Amory: Yes, there was some mis-selling of private pensions if the hon. Gentleman is referring to that. When we were in government, we put in place procedures and mechanisms to put that right. That does not justify the wholesale mis-selling of pensions now being attempted by the Government. People—I am sure that the hon. Gentleman is familiar with such cases—who were quite properly advised to leave the state earnings-related pension scheme and take out a personal pension did so on the basis that the personal pension offered a better prospect. Along come the new Government and remove the main prop from under personal pensions and render invalid, retrospectively, the original calculation. That is mis-selling pensions on a truly colossal scale and I am surprised that the hon. Gentleman appears to condone it.

Millions of pensioners now realise how badly they have been let down. A 30-year-old who has been contributing to a pension scheme will now have to put in, on average, an additional £20 a week to maintain his benefit, yet the Financial Secretary—and I keep returning to this point because it has not yet been corrected by the Government—told the House last week that there was no problem. She said:

"The measure is good for pensions and pensioners, not bad for them . . . People should understand that our reforms will benefit pension funds."—[*Official Report*, 3 July 1997; Vol. 297, c. 507.]

We will continue to quote the hon. Lady because she was speaking on behalf of the Government, on behalf of the Chancellor, on behalf of the Cabinet and on behalf of the Labour party. If she really meant what she said, how does she reconcile her words—which are clearly erroneous—with the Finance Bill's attack on pensions and pension funds?

On Budget day, the Chancellor thought that he had discovered a victimless crime. He thought that he had discovered a tax that no one really paid. In reality, by the changes to advance corporation tax and the associated tax credits, he is imposing a savings tax on the British people. He has been found out.

It took the Government only a few weeks to break their election promises. They promised not to increase taxes, but they have. In particular, they made great play of the assertion that ordinary people would not be taxed. As the Government have now discovered, ordinary people have pensions. It might have come as a surprise to them to learn that. Millions of ordinary people have done what successive Governments of all parties urged them to do—provide for their old age either by taking out personal pensions or by entering contracts with company pension schemes.

Mr. Darling: I think that the right hon. Gentleman was a Treasury Minister in June 1993. Does he remember sitting in the Finance Bill Committee with the right hon. Member for Charnwood (Mr. Dorrell) who, when justifying the proposed reduction in tax credits in Norman Lamont's Budget, said:

"We needed to raise revenue in a way that did least economic damage."

He said that they would do so from pension funds

"from a group of people with taxable capacity, but who are not taxpayers, in a way that does minimum economic damage."—[*Official Report, Standing Committee A*, 15 June 1993; c. 377.]

Did the right hon. Gentleman disagree with that statement? I do not remember his leaping to his feet to do so or walking out of the Committee. If he thought that

that was a raid on pension funds, why did he not object? Was that, perhaps, what prompted his ultimate resignation from the Government?

Mr. Heathcoat-Amory: Cannot the right hon. Gentleman see the difference between a 5 per cent. reduction in advance corporation tax credits, bringing the rate down to what is now the lower rate of income tax, and the total and immediate abolition of all such credits, which is what the Government are trying to do? It is a body blow for the entire pensions industry.

In recent days, Labour Members have complained about our use of quotations from radio and television in which Ministers have denied that they have tax-raising ambitions. I do not think that they can deny a sentence in the Labour party manifesto, which states:

"We will support and strengthen the framework for occupational pensions."

How on earth can the Government reconcile that with the fact that they are now knocking away the income stream on which such pensions rely? How can they support occupational pensions by removing £5 billion a year from them?

The issue of local authority finances also has not yet been resolved. Earlier in the week, we learnt that the Local Government Association had written to Ministers about the issue. The association said that, in its opinion, the Government's action will cost their members at least £300 million a year and that that money will have to come out of local authority services if it is not made up by the Government. I again ask Ministers whether they are content for services to be cut or whether they will compensate local government. They have agreed to compensate charities for the effects that the same tax changes will have on charitable income.

My county, Somerset, calculates that it will have to find an additional £1.2 million a year to plug the gap in its pension fund. As it is expected to be rate capped—an issue which we will soon debate—there is no prospect of that burden being unloaded on to council tax payers. The money will have to come directly out of services.

In mitigation, the Government pretend that the problem can be ignored and rolled forward into some valuation that, they say, will occur in two years' time.

Mr. David Heath (Somerton and Frome): Will the right hon. Gentleman give way?

Mr. Heathcoat-Amory: In a moment. The hon. Member for Somerton and Frome (Mr. Heath) has some relevant experiences and will confirm that the Somerset revaluation is currently under way. It would be entirely irresponsible for the county—part of which I represent—to hope that, in a few years, a Labour Government will compensate it for an expenditure backlog on that scale.

Mr. Heath: I am grateful to the right hon. Gentleman, who also represents a Somerset constituency. I entirely agree with his statement that the revaluation will have a severe effect on Somerset. Does he accept that that is one of the unavoidable costs that the county council will have to meet and that it should provide a very strong argument when it makes its case to the Government not to apply rate capping to Somerset? Will he join whole-heartedly his Somerset colleagues in ensuring that that argument is made very clearly to Ministers?

Mr. Heathcoat-Amory: The hon. Gentleman is attempting to join two separate issues—whether Somerset should be rate capped for the generality of its expenditure and whether it should be reimbursed for the new impost, which is a direct consequence of the Budget. I will certainly support the county that we both represent in the second of those tasks.

The Budget raises other issues. Withdrawal of tax relief on health insurance is a mean measure which will hit about 600,000 people who will be thrown on to the NHS as additional patients if they cannot now afford that insurance. They will therefore add to pressure on health expenditure, although there will be no more money for health—which brings us to another issue in the Finance Bill. Not only will no more money be allocated to public services, there will be less money.

At Question Time, the Chief Secretary evaded that issue and the questions asked of him, although the matter can be put quite simply. Because of the additional inflation that the Government are building into their projections, the costs of public services are set to rise. Ministers, however, are saying that services, although they may be more expensive, will not receive more money from the Government. There will therefore be less to spend on health care, social security, the environment, the police and all other services.

Independent commentators have calculated from figures in the Red Book that, this financial year, the squeeze on all public expenditure will be equivalent to a £3 billion reduction in public expenditure, rising to £5.25 billion next financial year. The squeeze will not be altered by the Government's irresponsible pre-allocation—from the reserve that they inherited—to two items of public expenditure, health and education. Regardless, the pre-allocation will not come into effect before April 1998.

The pre-allocation is a camouflage and creates an even more savage squeeze on all the other public services. The Government have made much of openness and of the public's right to know, but, mysteriously, no chart in the Red Book makes that effect clear. The Red Book was supposed to be a user-friendly document. It now has a political slogan and some pictures on its cover, but it does not come clean about the true effect of the Chancellor's announcement on public services. I therefore hope that the Minister who replies to today's debate will tell us unambiguously whether it is true that—starting now, because of the additional inflation to be built in to the economy—the United Kingdom faces a real and savage squeeze on all public finances.

Mr. William Cash (Stone): Does my right hon. Friend agree that it is absolutely essential not only to receive answers to his questions but to be told the reasons behind the Government's decisions? Is he not tempted to imagine that the Government are perhaps attempting to subscribe to the Maastricht criteria, and that that is why they are getting themselves into such intense difficulty? Furthermore, does he think that that will come back to haunt them once the public discover that they have been

[Mr. William Cash]

deceived by Ministers into accepting a series of public expenditure cuts to comply with the principle of economic and monetary union? Ministers will not deny it.

Mr. Heathcoat-Amory: I always admire my hon. Friend's ingenuity in inserting a European aspect into any debate. He has made some effective points in his own way.

Last week, after the Budget, Labour Members were waving their Order Papers. However, I think that it has now sunk in—certainly among the public, and perhaps among Labour Members—that, in the Budget and the Finance Bill, not only have the Government broken their promises but there will be no more money for public services.

Some hon. Members are probably thinking that the Chancellor will have to give way on public expenditure. That is very old Labour thinking and I hope that they are cautious about expressing it too openly in the presence of a Labour Whip. If more money does come their way, it will simply mean that the Government have broken another promise. Not only will they have increased taxes and inflation, they will have broken their promise to bear down on the public finances.

We are witnessing a collision between the most successful economy in Europe, which the Conservatives created, and a Labour Government who have not a clue how to run that economy. The Finance Bill embodies broken tax promises, higher inflation and, above all, the shameful and unnecessary attack on millions of people who thought that, in pensions funds, they had found a way of providing for themselves and their families in the long term. It is a shameful Budget and a bad Finance Bill, which I hope the House will reject.

5.28 pm

Mr. Nigel Beard (Bexleyheath and Crayford): Thank you, Mr. Deputy Speaker, for giving me the opportunity to make my maiden speech in this debate.

My constituency of Bexleyheath and Crayford is the London constituency that is furthest east on the south bank of the River Thames. Dartford lies to the east, and the London borough of Greenwich lies to the west. The A2, the main trunk road between London and Dover, forms the southern boundary. The River Thames, which is the northern boundary, is bordered by the flat open expanse of the Crayford marshes.

There are close ties with neighbouring areas of Kent. Indeed, in the past, gipsies from Kent and surrounding areas have regularly congregated on Crayford marshes. One of my predecessors, the late Norman Dodds, was known as the gipsies' Member of Parliament.

Many residents of Bexleyheath and Crayford were born and brought up close to where they live now. They work in one of the small or medium-sized businesses in the London borough of Bexley or commute to central or other parts of London. There are four railway stations in the area—Crayford, Slade Green, Barnehurst and Bexleyheath—on lines that connect London with various parts of Kent.

William Morris, the 19th-century pioneer of designs that are still popular a century after his death, was a resident of Bexleyheath. His house, aptly named the Red house, still stands as memorial to a man who was not only a poet, designer and business man, but a pioneer socialist.

Another of the area's famous sons, by adoption, is the Father of the House, the right hon. Member for Old Bexley and Sidcup (Sir E. Heath). He began his long and distinguished political career in 1951 as the Member of Parliament for Bexleyheath, an area now largely in the constituency that I have the honour to represent. The start of his political career hung by a very fine thread with a majority of 113 over the sitting Labour Member of Parliament, with a communist candidate getting more than 400 votes. No doubt before too long, one can expect an academic paper entitled "Britain in Europe: the Effect of the Communist Candidate in Bexleyheath in 1951".

The defeated Labour candidate was Ashley Bramall, who went on to have an impact on education in London as the chairman and leader of the Inner London education authority over 20 years. He contributed to my campaign, and was pleased to see the seat return to Labour for the first time since he won the by-election in 1947.

I hope and intend to increase the frequency of Labour's success in this area from once every 50 years to once every four or five. I am sure that the Budget presented by my right hon. Friend the Chancellor of the Exchequer will set a course to make that virtually a certainty.

I had two immediate predecessors—Sir Cyril Townsend, the Member for Bexleyheath, and Mr. David Evennett, the Member for Erith and Crayford, who fought the general election. Sir Cyril entered Parliament in 1974 after worldwide service in the Army. That was echoed in his interest in foreign policy during his period as a Member of this House.

Mr. David Evennett came to Parliament in 1983, having spent periods teaching and at Lloyd's of London. He continued his interest in education as a member of the Select Committee on Education, Science and the Arts between 1986 and 1992, and he was a regular visitor to schools in the constituency of Erith and Crayford. He was an active member of the congregation of St. Paulinus church. It comes hard, after 14 years in the House, to face unexpected defeat. The grace with which David Evennett accepted that and wished me well as his successor was widely admired on election night and throughout the constituency.

The Budget's emphasis on help and encouragement for small and medium-sized businesses is very relevant to Bexleyheath and Crayford. What has happened to manufacturing industry in the area typifies what has happened nationwide over the past 20 years. There were several major engineering companies in the area—Vickers, Fraser and Chalmers and, not far away, the Woolwich arsenal. All have closed, and now the economy depends on small and medium-sized businesses and on commuting.

There is a lack of skilled employment opportunities in an area where many families traditionally saw sons following fathers into engineering apprenticeships. We have to regenerate opportunities for people to use their skills and talents to the full. Unless we do that, we shall not raise the long-term rate of economic growth of the country as a whole and, individually, people will not realise the standard of living that they aspire to and will lack the satisfaction of having their abilities fully and usefully employed.

The majority of new opportunities are likely to come from small and medium-sized businesses which, in order to expand, require stability of economic outlook,

well-trained employees and investment. On all three counts, the Budget and the Finance Bill hit the nail on the head.

A greater proportion of small and medium-sized companies need to be based on high technology so that they can compete internationally. In that context, 1,000 people employed with a bike, a bucket and a ladder, to quote the phrase that my hon. Friend the Member for Bolsover (Mr. Skinner) used recently, is not the same as 1,000 people employed in trail-blazing electronics or biotechnology companies.

The keynote of the Budget is to raise business investment and thereby raise the level of economic growth. That is right. That investment needs to go into capital equipment for manufacturing industry where, during the 1980s, the rate of depreciation of capital was faster than the rate of renewal. In other words, the capital base was wasting away.

There is also a need to raise the level of investment in civil research and development. Reputable studies have shown that, in any country over any reasonably long period, 60 per cent. of the growth in gross domestic product depends on the use of capital and labour, but 40 per cent. depends on technological progress. That is effectively confirmed by a report of the Organisation for Economic Co-operation and Development, which concluded that the differences between the economic growth rates of member countries could be explained almost entirely by differences in the level of investment in research and development.

Those are clear pointers as to what the United Kingdom needs to do to pull itself up the economic growth league. But only two weeks ago, the Department of Trade and Industry published the "Research and Development Scoreboard", which showed that the trend is entirely in the opposite direction.

In 1996, the ratio of research and development spending to sales in the UK was lower than in any other major industrialised country. Among the top 300 companies in the world that spend on research and development, the average ratio of research and development spending to sales was about 4.3 per cent.; for British companies in that 300, it was about half that average, at 2.3 per cent., and the trend was downwards.

Nothing much has changed, therefore, since the House of Lords Select Committee on Science and Technology's report in 1991 concluded that British businesses gave dividends priority over capital and research and development investment to a far greater extent than any other member of the OECD. In the early 1990s, Britain's average dividend yield was 40 per cent. higher than in the United States of America, 150 per cent. higher than in Germany and 10 times the level in Japan.

The Government have had the courage to address a fundamental, long-standing flaw in the British economy by encouraging the redirection of profits away from overlarge dividends into research and development and capital investment.

The Budget will not solve the problems of British industry and the British economy at a stroke, but it makes solutions possible. The issues are not new. They have been reviewed, reported on and discussed for years, but they have been either dealt with by ideological incantation or ignored as if relative economic decline were inevitable. The Bill marks the end of ideological illusion and defeatism and the beginning of an era of innovation and renewal—a turning point that I am proud to be in the House to support.

5.41 pm

Mr. John Townend (East Yorkshire): I congratulate the hon. Member for Bexleyheath and Crayford (Mr. Beard) on his excellent maiden speech. His comments about his constituency were illuminating, and my hon. Friends and I appreciated his kind words about his numerous Conservative predecessors. I was friendly with David Evennett and was sad to see him go. Sir Cyril Townsend caused me some problems. With a difference of only one letter between our names, our mail was frequently sent to the wrong place. Given that I am on one wing of the Conservative party and he was as far the other way as was possible without being in the Labour party, that sometimes led to embarrassing situations. I wish the hon. Gentleman a happy five years in Parliament. I hope that he finds it an enjoyable experience. Without prejudging the result of the next election, we hope to see a Conservative back next time.

I listened attentively to the Budget and have gone through the Bill carefully. I congratulate the Government on pulling off the most successful confidence trick in politics this century. Only eight weeks ago, they succeeded in convincing a large number of electors that new Labour really was different—that Labour had changed its spots and was no longer the high-tax party. To achieve that aim, it undertook to maintain our tax and spending totals for two years. It said that it would not raise direct tax rates and implied that there would be no overall rise in taxation apart from the windfall tax.

I warned the electors in my constituency not to believe Labour. I warned them that their mortgage interest tax relief would be at risk and that their pensions could be at risk. However, because the Labour party placed such great emphasis on trust, many people believed the Labour candidate rather than me, and my majority, like those of many other Conservatives, went down substantially.

Within only eight weeks, that trust has been shattered. The Government cannot use the argument that the financial situation that they found when they got into power was worse than they anticipated. Government revenue forecasts are constantly increasing. The public sector borrowing requirement forecast has fallen since the election.

I did not read Labour's manifesto during the election campaign, but I have it with me now. Did Labour tell pensioners eight weeks ago that there would be a triple whammy against them? Not at all. My right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) read out part of Labour's manifesto comments about pensions. It goes on:

"Personal pensions, appropriately regulated, will remain a good option for many."

What about the three whammies? The first was the ending of tax relief on health insurance for pensioners. There was nothing in the manifesto about that. In the previous two years, Labour had talked about it, as it talked about many other policies, such as all the expenditure increases that it would implement. I attended and spoke in all the debates on public expenditure in that period. Like so many other policies, Labour dropped that one before the election and did not put it in the manifesto because it thought that it would lose it votes.

[Mr. John Townend]

The Minister for Welfare Reform, who is looking at pension problems in detail, has my greatest respect. At a time when we want to encourage increasing numbers, particularly of old people in our growing population, to provide for their pensions, is it not stupid to reduce that tax relief? If old-age pensioners have to give up their insurance, they will add to national health service waiting lists.

The second whammy against pensioners was the windfall tax. I was intrigued that the Chancellor said in his Budget speech that the windfall tax would not affect investment, prices or services. How can it be paid for? It can be paid for only by reducing dividends. Who are the biggest shareholders in the utilities and the privatised companies? The pension funds. Much of the cost will have to be paid for by future pensioners.

The third whammy was the removal of tax credits on dividends under advance corporation tax, which will take at least £50 billion out of pension funds over the next 10 years. The windfall tax is bad enough, but that lasts for only one year. The changes in ACT will continue to siphon money from pension schemes year after year. That will mean lower pensions or higher contributions. For personal pensions, the whole burden will fall on the person who has taken out the policy. For company pension schemes, the company has the alternative of topping up pension funds, but that means more money, which will have to come from the investment pot. Is not that a stupid policy, when demographic changes will mean a significant rise in the number of people drawing pensions during the next 20 years?

It had been generally accepted before the Budget that we needed to encourage more private provision, not less. This country has benefited enormously from not having the dead weight of pension liability building up which many of our European partners have. It really sticks in my throat that the triple whammy on pensions comes from a party that was telling my constituents at the general election that their pensions would not be safe under a Tory Government. What hypocrisy.

Did the Labour manifesto tell home owners that within eight weeks there would be a triple whammy against them? Home owners should not have been surprised, because the Labour party has never been the party of home ownership. It has always been the party of the council estate. We have had three interest rate rises since the election. Mortgage rates have gone up and will continue to go up. The second whammy is the cut in mortgage interest tax relief by one third. The third whammy is that many people who want to repay their mortgages with an endowment policy will find that it is likely to fall short of what was expected because of the changes in ACT. That means that many borrowers will end up with a shortfall if they do not increase the premiums that they pay.

Did the motorists who voted Labour believe that they would receive a double whammy within eight weeks? First, there was a large rise in petrol tax—the second in a year, following the annual increase. The Government tried to excuse that second rise on environmental grounds, but we all know that that was nonsense. We all know now that unleaded petrol causes more damaging emissions into the atmosphere than leaded. Then there was the second whammy—at least another £20 per year in insurance premiums.

Did all the smokers who voted Labour know that they would be hit again by a particularly vicious rise in tobacco tax? Were they told that by the Labour party manifesto? I consider that tax rise particularly silly: all that it will do is encourage smuggling, which is already having a serious effect on the legitimate tobacco and drink industries. I speak as someone who has been involved in those industries throughout my life.

None of those tax rises was spelt out in the Labour party manifesto. Why? Because the Labour party knew that, if it had spelt them out, it would have lost an awful lot of votes. This Finance Bill destroys Labour's claim that it is to be trusted, and its claim that it is no longer the high-tax party.

I have serious doubts about whether the welfare-to-work policy will work. It certainly will not create a net increase in real jobs, although there may be substitutions and short-term employment. I do, however, welcome the proposals to take benefit away from the idle and the work-shy—I think it right for us to say when we approve of Government action. One of the previous Government's failings was that they were far too wet in that regard. I advocated such a policy from the Back Benches many times—as the hon. Member for Gordon (Mr. Bruce) knows—but, if our Government had introduced it, can hon. Members imagine the furore that would have resulted on the Labour Benches?

One of the principal causes of the underclass and welfare dependency, which worries us all, is the increasing number of unmarried women who are producing an increasing number of children. In this day and age, there is no need for that. The Government should give notice that, after 12 months, no payments will be made to new claimants. Those concerned would have the options of contraception, adoption, abortion or staying at home with mum, rather than being kept by the taxpayer. Any Government who had the guts to do that would see a dramatic reduction in the problem over the following five years.

Hon. Members laugh, but I well remember what happened in 1979, when our party suggested that we should stop paying social security benefits to strikers. We were attacked as being inhuman. We pushed the measure through, and in the following five years, the number of working days lost through strikes fell dramatically.

There were cheers from the Government Benches when the Chancellor announced increased spending on education and the national health service next year. There was nothing for this year. The Treasury did not raise any extra resources, however; it merely raided the contingency fund to the tune of £2.2 billion for the year 1998–99. To take nearly half the contingency fund nine months before the start of the financial year is to create a hostage to fortune, or a fiscal time-bomb that is ticking away.

What will happen if another crisis such as the bovine spongiform encephalopathy crisis comes out of the blue? Where will the cash come from? Where will the cash come from to pay the public sector costs of a minimum wage? What will happen if the pay review boards recommend higher pay increases than are allowed for in the Government's departmental budgets? Nurses, teachers, doctors and local government workers should

beware: there will be no extra wages for them, although they were led to expect that a Labour Government would be much more favourably disposed to their demands.

What about the increase in the inflation rate that my right hon. Friend the Member for Wells mentioned? In the past, many Departments received extra money from the contingency fund to cover inflation levels that were higher than had been forecast, but there will be no more money there, so deep cuts in public expenditure will be necessary. The only solution is another significant tax rise next year, in the Government's second Budget.

The Budget is supposed to be about creating jobs, but it will do the opposite. It is supposed to be about creating investment, but it is taking £2.3 billion from industry generally and another £3.5 billion in windfall tax this year alone. That will result in a fall rather than a rise in investment. It is not possible to take £5.8 billion from pension funds and industry and expect it not to affect investment.

The Budget is a short-term Budget, crafted to prompt cheers from new Labour Members on Budget day. The Bill increases taxation by stealth, raiding pension funds; the Budget hits pensioners, home owners and investment. I forecast that, in a year's time, it will be seen to have been a Budget of missed opportunities, and the fiscal time-bomb will explode.

5.56 pm

Mr. Keith Darvill (Upminster): Thank you, Mr. Deputy Speaker, for allowing me to make my maiden speech on the Second Reading of the Finance Bill. I congratulate my hon. Friend the Member for Bexleyheath and Crayford (Mr. Beard) on his thought-provoking maiden speech.

I have the honour to represent Upminster, which is in the London borough of Havering, on the east side of Greater London. I am the first Labour Member to represent the constituency, which was formed following the boundary reorganisation in the early 1970s. I also have the pleasure of living and working in the constituency.

Let me take this opportunity of thanking my predecessor, Sir Nicholas Bonsor, for his public service during his time as Member of Parliament for Upminster. Sir Nicholas represented the constituency for 15 years, from 1982. Before that, from 1979, he represented Nantwich. His predecessor was Sir John Loveridge, who represented the constituency from 1974 until 1979.

Between 1995 and the general election, Sir Nicholas Bonsor was Minister of State at the Foreign and Commonwealth Office, and he was well known in the House for his work as Chairman of the Select Committee on Defence between 1992 and 1995. He assisted many constituents during his 15 years representing Upminster. During the election campaign—which was conducted in accordance with the best of our traditions—he was both fair and honourable, and he was particularly gracious in defeat. I wish him and his family well for the future.

My constituency includes the towns of Harold Hill, Harold Wood, Emerson Park, Cranham and Upminster. Most of the residents of the area have come from the inner part of east London or are members of families born there. They are part of the well-known eastward drift that has taken place since the 1920s. Those families have returned to Labour and have given me the honour of representing them in Parliament. I shall always be grateful for their trust and support.

Let me briefly describe my constituency. It is bisected by two road arteries from London, the A12 and the A127. In many ways, those roads act as natural barriers to close integration between the communities that make up the constituency. The M25, which traverses the eastern and northern boundaries of the constituency, provides excellent access to the motorway network, but it has its down side: there is a good deal of noise pollution, which mainly affects residents of east Cranham. More needs to be done to limit noise pollution from our motorways where they are located close to housing estates. I am sure that many other constituencies suffer similar problems.

The constituency is also bisected by two main railway lines, the London-Tilbury-Southend line and Great Eastern Railways, which serve Upminster and Harold Wood stations respectively. They provide important links to the centre of London and surrounding parts of Essex and East Anglia. Upminster is also served by the London Underground District line and is its eastern terminus.

In addition to its fame for being at the end of the District line, Upminster is the home of the world famous Travel Club of Upminster, a long-established family tour operator whose reputation is envied within the industry. Many other small and medium-sized businesses are based in my constituency and I know that they welcome many of the provisions in the Finance Bill.

The constituency has many fine schools and a general hospital at Harold Wood which require additional funding to maintain and improve the standards that my constituents rightly demand.

Large numbers of my constituents commute into the City of London, and the rail transport and road links with the centre of London are a primary concern to them. They know the importance of a strategic authority for London and an integrated transport policy.

Harold Hill deserves a particular mention. Locally, it is known as "the hill". It is a fine housing estate providing many good homes. Harold Hill was planned and developed for the London overspill after the second world war. The estate was designed chiefly by the former London county council. The advantage of good-quality social housing with gardens and plenty of green open space should never be ignored by our town planners.

As a consequence of the previous Government's housing policies, however, waiting lists for rented homes are far too long. Many of my advice surgery cases relate to housing and I believe that the phased release of capital receipts will go some way towards alleviating the problem.

My constituents' concerns are similar to those described in many maiden speeches in the past nine weeks or so. Those concerns were raised time and again during the general election campaign. They relate to education, health, unemployment, housing and the decline in public services delivered by the local authority.

I shall now make some specific points about the Finance Bill, which will begin to address my constituents' concerns. First, I congratulate my right hon. Friend the Chancellor of the Exchequer on his Budget, which is sensible, prudent and innovative. Above all, it honours election pledges. It contains many specific proposals that I applaud, particularly the welfare-to-work programme, which has signalled the reversal of our economic decline. They have particular relevance to the unemployment blackspots in my constituency which are mainly in the

[Mr. Keith Darvill]

Harold Hill area. The wards of Hilldene, Gooshays and Heaton are particularly badly affected. The reduction in VAT on fuel and power will be of particular benefit to many pensioners in my constituency.

The previous Government's policies failed the nation because, among other things, they were short term. The distinguishing feature of the Budget and the Finance Bill is that they lay down foundations for the long term. The changes in corporation tax will encourage the retention of profits for investment. The abolition of payable tax credits removes a bias in the tax system in favour of distribution rather than retention of profit for investment.

The Budget will not be the disaster that Opposition Members are predicting. The doubling of capital allowances will encourage small and medium-sized businesses to invest at an important point in the economic cycle, and the provisions relating to housing are in stark contrast to those introduced by the Conservative party in government. We should remember the problems caused by the changes to MIRAS in the 1980s, which affected many of my constituents. As a solicitor dealing with property matters, I often had to advise clients on problems caused by negative equity, which created many difficulties and contributed to the previous Government's unpopularity, particularly in my constituency.

Above all, the Government's plans for education are the best example of the long-term thinking that is crucial to our future and is essential if the nation is to recover and make the necessary improvements in living standards and public services for all our people. The provisions relating to the windfall tax, corporation tax and capital allowances are designed for the many and not for the few, in contrast to the provisions in previous Finance Bills in the past 18 years.

The policies will help to deliver the growth that is required to ensure that, in the medium and long term, our education and health services have the increased resources that are so essential and which the electorate endorsed resoundingly at the ballot box.

I have no hesitation in supporting the Second Reading of the Bill and commending it to the House.

6.6 pm

Mr. Edward Davey (Kingston and Surbiton): I congratulate the hon. Member for Upminster (Mr. Darvill) on a very interesting maiden speech. I have often taken the District line in the direction of Upminster, but, unfortunately, I have never made it to the end. Having been encouraged by his speech, if I have enough time on my hands, perhaps I shall make that journey. As a fellow London Member, I look forward to working with him on various issues that concern his constituents and mine.

The Chief Secretary to the Treasury spent some time at the beginning of his speech trying to assuage hon. Members' concern about the speed at which the Government are trying to push the Bill through the House. Like the right hon. Member for Wells (Mr. Heathcoat-Amory), the Liberal Democrats are concerned by the Government's unseemly haste. Despite having a mercifully small number of clauses compared with recent Finance Bills, the Bill contains major tax changes. It raises significant new sums and is the backbone of a dramatic shift in fiscal policy. It is not a trifling measure

Earlier today, the Leader of the House announced that there would be a high number of sitting days. That is welcome, but it does not overcome the problem that there is a need for calendar time in which to consider the Bill. Advisers and interest groups outside the House need time to reflect on the detailed changes that it introduces and proposed amendments to it. They need time to assist right hon. and hon. Members between sittings. Although we welcome the provision of extra sitting days, the lack of real calendar time to examine the measure remains a problem.

Ministers may claim that the Budget proposals were foreshadowed in the Labour election manifesto. That is true in respect of the windfall tax and certain other proposals, but the major changes to corporation tax, MIRAS and other excise duties were not in the Labour manifesto. The Government have not argued the case for those taxes before the British electorate, so they are duty bound to argue them before the House. That necessitates providing sufficient parliamentary and calendar time.

I understand that it was the usual practice for the Second Reading debate to take place several weeks after the Budget resolutions had been passed, not three days later. That normally provides the opportunity for outside bodies to comment on the tax proposals outlined in detail in press releases and allows the Treasury and Civil Service Select Committee to cross-examine the Chancellor, his officials and other commentators and present its report to the House prior to the Second Reading debate. The haste with which the Government are pursuing the Bill has prevented that from happening. The Government's failure in that respect is preventing proper and thorough scrutiny of a major piece of legislation. That is bad news for the House, bad news for companies and individuals, and ultimately, it will be bad news for the Government.

Such a bitter pill might have been easier to swallow if the Government had announced a new era of glasnost in the Treasury and said that, in future, they would produce a draft Budget so that people could comment on it before the Chancellor came to the Dispatch Box.

Mr. Tim Boswell (Daventry): Preferably before the election.

Mr. Davey: Indeed so.

If the Government had announced that, in future, they would consider separating major tax changes announced in the Budget from the detailed technical refinements that annually augment the Finance Bill, that might have assuaged some of our concerns for the future. It is because they have failed to do so that we on the Liberal Democrat Benches are left feeling extremely wary. We genuinely regret such a failure, because, despite our genuine willingness to scrutinise the Bill in the spirit of constructive criticism, the Government are preventing us from doing so.

Ministers may be tired after the election, desperate for the recess and dreaming of their Tuscan holiday or their Dordogne retreat, but if the statute book is left riddled with errors, it will haunt their Red Boxes when they return. I urge the Economic Secretary to the Treasury at the very least to give an undertaking that the manic attempt to legislate even faster than the Government's predecessors—the sort of post-election Prozac trip that they seem to be on—will not be repeated.

What of the contents of the Finance Bill and the related Budget? Frankly, the details that have come out in the past few weeks show that the Bill is disastrous—disastrous for the companies whose investment plans will be hit by the taxes; disastrous for the public services whose budgets will be slashed by the spending total; and disastrous for our economy, whose recovery will be unbalanced by the macro-economic framework.

I say that with genuine sadness and disappointment. At 3.45 pm on 2 July, it was difficult not to be impressed by the sight of the Chancellor standing up to address the House. After 18 years of Conservative chicanery, it was not difficult to hope sincerely that we were about to hear something different, radical, innovative. Instead, we had a Budget—and now a Finance Bill—designed for political considerations, not economic ones, and aimed at fulfilling a political project and building a war chest for the next election, not at directing the economy and meeting our society's needs. That is why Liberal Democrat Members will vote against the Second Reading.

Today is, of course, an historic day, with the Bank of England raising rates independently of the Government for the first time since the second world war. The Liberal Democrats greatly welcome that development and it is essential that, at this early stage, Ministers openly and publicly endorse the Bank's decisions and the aim of low inflation.

Mr. Quentin Davies (Grantham and Stamford): This is the second time that the Bank has raised interest rates independently.

Mr. Davey: The hon. Gentleman, who made that comment from a sedentary position, is wrong. The Chancellor directed the previous rise following the election. This is the first time that interest rates have been raised independently.

It is right that Ministers should welcome the rises, because they, along with the right hon. and learned Member for Rushcliffe (Mr. Clarke), are to blame for them. The former Chancellor must share the blame, for if he had raised interest rates well before the election, as the Bank then proposed and as my hon. Friend the Member for Gordon (Mr. Bruce) had suggested, the consumer boom, which is threatening to get out completely of hand, would be much milder.

The right hon. and learned Member for Rushcliffe has made great play of how he got it right and Eddie got it wrong, but I am afraid that history and events are increasingly on the Governor's side, as past economic growth figures are adjusted upwards, showing that the economy was growing faster than previously thought.

Likewise, the Government are not without responsibility. A tight fiscal policy skewed to hit the consumer might have helped to tame sterling and reduce the need for higher interest rates. Instead, we have a tight policy that is skewed on business and the public services.

The right hon. and learned Member for Rushcliffe and the Chancellor can of, course, take joint responsibility for so much of today's economic policy, particularly the Government's spending plans. It is quite astonishing that an incoming Government should be so willing to accept the overall spending totals of their predecessors—not just for one year but for two years. At times, it is like a throwback to the 1950s and 1960s, when Conservative and Labour spokesmen on the economy last agreed so firmly on economic policy. The consensus between Rab Butler and Hugh Gaitskell at that time led to the term "Butskellism" being coined. Since Clarke is so closely parroted by Brown, perhaps we should have a new "-ism" in British political vocabulary. I suggest the term "Clownism".

Some would say that Clownism is particularly appropriate given the ridiculous and somewhat laughable plans for public spending of both the former and the present Chancellors. Such spending plans are increasingly seen as totally incredible by the City and other commentators. Let us take Goldman Sachs, where I believe Ministers have a friend or two. Its Budget analysis says:

"In our forecasts we assume that the pressures to increase public spending are sufficiently great for the Chancellor to be forced to breach the control total this year and next. Specifically, we assume that the control total overshoots by £2 billion this year and £8½ billion in 1998/9."

People do not believe the Government's Red Book. Who can blame them? Who can blame the teenage scribblers for not believing the Government? I cannot remember any Labour politician during the election campaign calling for massive cuts in public spending, yet the Red Book says just that. Higher inflation forecasts have made nonsense of the cash planning totals of the right hon. and learned Member for Rushcliffe, yet the Labour Chancellor is determined to stick by them—pure Clownism.

When Liberal Democrats dared to point out the arithmetical fact that the totals for 1998–99 show a real-terms cut of more than £5 billion, we were described by an anonymous Labour spokesman as "economically illiterate". Yet, judging by the Prime Minister's answer to my right hon. Friend the Member for Yeovil (Mr. Ashdown) yesterday, it is the Prime Minister who is economically illiterate. If he really does not understand the effect of inflation on the purchasing power of money, I would urge the Chancellor and his friends to explain the concept to him at the earliest opportunity.

I know that the Chancellor and the Chief Secretary to the Treasury understand the concept. Indeed, in an intervention on my hon. Friend the Member for Gordon earlier this week, the Chief Secretary to the Treasury said:

"the health budget will increase in real terms by 2.24 per cent. next year".—[*Official Report*, 7 July 1997; Vol. 297, c. 658.]

We welcome that modest increase, but we should like to know the real-terms figures for all other areas of spending, such as the police, pensioners and social services. The fact is that there will be savage real-terms cuts across the board at a time when most public services are already at breaking point.

What the House really needs to know is where the cuts will be made and how they will tally with Labour's election promises. For example, in order to make the cut of more than £125 million in its budget, the Home Office would have to axe 6,250 police officers. Is that what Ministers have in mind? If so, what has happened to their manifesto promise to

"get more officers back on the beat"?

Will the implied £35 million real cut in planned overseas aid for next year be implemented or will Labour Ministers keep their manifesto pledge to

"reverse the decline in UK aid spending"?

Which is it to be? The reality of Clownism, as practised by the new Treasury team, will inevitably be cuts in all Departments or massive overshooting on public spending totals and public sector borrowing.

[Mr. Davey]

There is all this pain on spending, yet taxes are being hiked so much by the Bill. Significant increases in company taxation, which the Bill introduces, are always an easy way to raise funds. It is the equivalent of cutting capital expenditure in the public sector. No one notices at first because the trouble sets in down the track.

Firms will complain, but the effect overall is fairly marginal—except for that one marginally profitable investment decision which now will not go ahead, or that one firm whose increased tax liability takes it over the edge into bankruptcy, or that marginal employee, to whom some firm, somewhere, would have given work, but now will not. Whether it is the £5 billion raised from the privatised utilities or the next £3 billion raised from corporate tax changes, the effects will be damaging to investment and jobs. It is simply staggering that Ministers are trying to claim that that will not be so.

I will spare the House yet another speech on why the windfall tax is wrong in principle and what damage will be wreaked by the abolition of the advance corporation tax credit, except to say that it is astonishing that Labour Ministers, in defending the two largest tax rises of the Budget, have continually referred to occasions when previous Conservative Governments have used the same devices. That justification by reference to Conservative policies worries me. Is it another example of Clownism?

We would have liked to see some smaller tax measures in the Budget specifically to undo some of the more recent Conservative tax legislation. The first is the phasing out of tax relief for profit-related pay. While it was certainly true that the relief was being widely abused and needed substantial reform, the previous Government threw the baby out with the bath water when it pushed through complete abolition. I urge Ministers to consider ways to identify genuine schemes that deserve the relief. Many employees earning modest incomes in companies such as The John Lewis Partnership are being badly hit by the withdrawal of the relief.

Distinguishing the good from the bad may be beyond even the craftiest of Treasury mandarins, but there are relatively painless alternatives, such as reintroducing the relief capped at a lower ceiling of, say, £1,000. That would help many people.

The second tax measure that Liberal Democrats would dearly like to see implemented in the Bill is a reduction in VAT on energy-saving materials. To us, it seems ludicrous to tax environmentally friendly products more heavily than the actual use of energy. While my colleagues from the previous Parliament tell me that the reduction might cause a few red faces on the Government Benches, the green tinge that the measure would add might more than offset such embarrassment.

The third tax measure that we would ask Ministers to reflect on is insurance tax. The Finance Act 1997 created a damaging anomaly under which insurance policies sold by some businesses, such as travel agents, are taxed at 17.5 per cent., but policies sold by others, such as independent insurance brokers, are taxed at only 4 per cent. As was widely predicted, that has naturally hit the profits of many small travel agents. It cannot be right that the tax system deliberately hinders one type of business vis-à-vis another. If we do not want to see yet another range of small, independent businesses disappear from our high streets, the Minister should incorporate that minor change in the Bill.

I also urge Ministers to look afresh at business taxation, taking a wide definition of business taxation and including the uniform business rate and the way in which the self-employed are taxed. Liberal Democrats are keen to see the replacement of the UBR with a fairer tax based on land values or, in the interim, a major change in the way in which the UBR is levied, including the valuation system that underpins it; the impact on smaller firms; and the incentive impacts for business and, in particular, retail location.

We should like to see the reform of national insurance contributions for the self-employed. Why do the smallest of our firms have to pay class II national insurance contributions? It is a poll tax against small firm creation. The administrative nightmare caused by class II contributions, coupled with their disincentive effects, surely rates them as a plausible candidate for abolition.

Ministers may be becoming wary of announcing reviews, but I strongly urge them to do so for business taxation. Given the swingeing increases they have announced for business in the Bill, a review would be doubly appropriate. Indeed, I argue that the Bill's tax rises for business constitute one of the two key weaknesses in the Budget strategy—the other being the inflation tax on our public services.

When the Chancellor decided on his macro-economic strategy, he must surely have considered the impact on investment of his corporate tax plans. When he painted a picture of strong consumer growth, coupled with a slightly faltering manufacturing sector, and when he talked so much of the need for investment and stability, why did he produce tax proposals that will take so much from the corporate sector and so little from consumers?

The Budget was not just one of the fabled double whammies—it was a triple whammy on business. Before the Budget, exporters were hit by the high pound and the Budget did nothing to correct that. In the Budget, firms were hit by the taxman. After the Budget, firms are to be hit by the Bank as it forces rates higher than would have been needed if the Chancellor had taken action to slow down the consumer boom. A stable, sustainable climate for investment is not built by hitting firms with a triple whammy of a soaring pound, a hike in tax and higher interest rates.

The Government have made a serious miscalculation with that policy mix. Whether it was done for political purposes or not, loading the measures to slow down the economy on to the business sector and our public services is incredibly ill-advised. Indeed, the mistakes in the macro-economic framework are the fatal flaw of the Budget. The Liberal Democrats welcome the tightening of fiscal policy and the debt reduction strategy, but the targets are ill-chosen because the public sector and businesses are not the ones fuelling the boom.

The price of the Budget will be higher inflation and a higher cost in job losses when that higher inflation is corrected. The Chancellor aimed his Budget and the Finance Bill at bringing stability to the British economy. With regret, we believe that he has not achieved that.

6.25 pm

Miss Geraldine Smith (Morecambe and Lunesdale): I am grateful for the opportunity to make my maiden speech and, as the newly elected Member of Parliament for Morecambe and Lunesdale, it is wholly appropriate that I do so in this important debate. My constituency is made up of the seaside resorts of Morecambe and Heysham, the Skerton area of Lancaster, the old railway town of Carnforth and rural communities stretching to the Yorkshire and Cumbrian borders.

Because of its geographical location, the constituency is widely known as the gateway to the Lakes, which is a fitting description as most of the Lakeland tourist locations are within easy reach. The area is one of outstanding natural beauty and superb scenic views, with abundant wildlife.

Morecambe bay is one of the most important sites in Europe for migrating birds and harbours more curlew, oyster catcher, turnstone and migrant waders than any other site in Britain. It holds more than a quarter of the entire British breeding population of the bittern, one of our rarest and most threatened birds. On a clear day, the superb backdrop of the Lake district makes Morecambe bay one of the most picturesque areas in the world for bird watching. The sun setting over the bay is something special to behold and I urge all hon. Members to avail themselves of the opportunity of the summer recess to see it for themselves. Please come and see my constituency—it is wonderful. The close proximity of the historic city of Lancaster, whose virtues were extolled at great length by my hon. Friend the Member for Lancaster and Wyre (Mr. Dawson) in his maiden speech, enhances the area's potential to become one of Europe's leading tourist destinations.

I pay tribute to my predecessor, Sir Mark Lennox-Boyd, who took his seat in 1979 and served the constituency as its Member of Parliament for 18 years. Among his many achievements during his long service, he had the distinction of being appointed Parliamentary Private Secretary to the then Prime Minister, Margaret Thatcher. Throughout his parliamentary career, Sir Mark earned a reputation for honesty, integrity and decency. He accepted his defeat at the general election with the good grace and dignity of a true gentleman. I am sure that the House will join me in thanking him for his service and wishing him well for the future.

Earlier, I described my constituency as an area of great natural beauty, which it is. It is also my home. I am not only fortunate enough to live there, but I have the honour and privilege of serving the people of the area as their Member of Parliament.

There is a less attractive side to my constituency. Some parts of it host the highest rates of unemployment in Lancashire. In the west end and central Morecambe and in Skerton, large numbers of people live in appalling accommodation. In these areas, poverty, ill health, anti-social behaviour, drug and alcohol abuse and crime abound. After 18 years of Conservative Government, splendour and squalor sit side by side in my constituency.

Like so many other seaside resorts, Morecambe's problems began with the decline in the holiday trade. In Morecambe, this was more intense and persistent than elsewhere. Over the years, many of the resort's attractions were progressively run down and closed. At the same time, 70 per cent. of its hotel and guest house accommodation fell out of holiday use. This massive stock of redundant hotels and boarding houses—which became suitable only for letting as cheap houses of multiple occupation, offering grossly inadequate standards of accommodation—acted as a magnet to the urban poor, the unemployed from towns and cities in close proximity such as Lancaster, Blackburn, Burnley and Preston.

The result is that once prosperous areas of Morecambe now have high concentrations of social and economic deprivation. They have a largely transient population, including the long-term unemployed, single-parent families, resettled mental health patients, old-age pensioners and single homeless persons. The strain that this has placed on welfare and social services, schools, doctors and police has reached breaking point. The cycle of decline that is blighting the lives of so many of my constituents must be broken, but it will be broken only when we find a lasting cure for long-term mass unemployment.

Despite enormous difficulties, my constituents—and, in particular, the business community—have shown a remarkable degree of resilience. They and I share a determination to regenerate the area and restore its prosperity. That regeneration process has already begun. By taking advantage of derelict land grants and single regeneration budget funding, public and private partnerships have been formed and new investment attracted into the area.

The signs of urban and economic renewal are there for all to see, but much more needs to be done. It is essential for the future prosperity of the area that the tourism industry is rebuilt. It is vital that all those interested in the industry work in harmony and co-operation and not in competition with one another. It is equally important that they seek to co-operate with other resorts around the country. I welcome the proposal from my hon. Friend the Member for Blackpool, South (Mr. Marsden) to set up a seaside resorts committee of Back-Bench Members. This would give hon. Members the opportunity to display the level of co-operation that will be needed if the British tourism industry is to be revitalised.

We must ensure that the urgent need for renewal of the infrastructure of our resorts is strongly pressed both here and in Europe. Although the problems of social and economic decay are as acute in many resorts as they are in towns and cities, they go largely unrecognised both here and in Europe. We live in a country rich in history and abounding with natural beauty. We must ensure that we have the infrastructure to match those priceless assets so that the tourism industry can compete with its counterparts in Europe and elsewhere.

Earlier in my speech, I referred to the importance that I place on the elimination of mass unemployment and in closing I wish to elaborate briefly on that. Mass unemployment, poverty pay and resultant welfare dependency are choking the life out of the economy. The current waste of billions of pounds of taxpayers' money to keep people in the poverty trap or on the dole is inhibiting our ability to develop the country's infrastructure, properly to fund the NHS and education and to restore the value of the old age pension. The ever-increasing cost of welfare dependency is hampering economic growth. That increase must be halted and reversed.

The Government must develop economic, industrial and education policies that support the creation of an inclusive stakeholder society. They must consult and

[Miss Geraldine Smith]

co-operate with industry and ensure that incentives are provided to encourage companies to adopt strategies that invest in people, promote training and maximise employment. They must encourage long-term investment and discourage short-term profiteering.

The Government must ensure that our education system is geared up to and supportive of industry's needs. They need to tackle low pay and the poverty trap which in themselves are barriers to economic growth. They must persuade our European partners to adopt policies which will produce growth and create jobs across Europe to realise the full potential of the single market. Above all, all parties in the House must recognise that mass unemployment is a cancer eating into the heart of our society and that its removal is essential for the health, wealth and security of the nation. The welfare-to-work programme in the Budget is a first step. I welcome the Budget and the Finance Bill.

6.35 pm

Mr. Quentin Davies (Grantham and Stamford): We have heard three excellent maiden speeches today, and I would like to tell the hon. Members who made them how much I enjoyed listening to them. The hon. Member for Morecambe and Lunesdale (Miss Smith) waxed lyrical in a purple passage about Morecambe bay, and I felt that I had made a mistake in never having visited it. One learns a lot about different parts of the country from such speeches, which the House appreciates.

I was struck also by the fact that all three hon. Members said gallant things about their predecessors despite being members of different parties. One of the attractive aspects of this place—which is a civilised legislature, despite occasions when outside observers might be tempted to think otherwise—is that hon. Members can and do from time to time, when they feel that it is deserved, pay generous tributes both to the human qualities and to the service in this place of those with whom they disagree politically. All three hon. Members have shown themselves to be fully in that tradition of gallantry and courtesy in this House, and it is in that spirit that I am sure that all my right hon. and hon. Friends will welcome them here. We wish them the very best for their parliamentary careers—albeit we might not have the same hopes for the length of their careers as they may entertain for themselves.

I do not think that any of my remarks today about the Budget and the Finance Bill will have anything to do with my outside interests, but in case anybody supposes that they do, I refer hon. Members to my interests which are in the register.

There are moments in this House when one must use plain language, and this is one. This is an extraordinarily bad Budget, and an extraordinarily bad Finance Bill. It is a devastatingly bad Budget, and a devastatingly bad Finance Bill. It is so flawed that it is difficult to know where to begin an analysis of it. There are at least four fundamental fallacies on which its structure is based and these must be explored in the regrettably short time that Parliament will have to consider this important measure.

The first thing that strikes one about the Bill and the Budget from which it flows is that the Chancellor's prescription for the economy is in fundamental contradiction to his diagnosis of the state of the economy. In my time in this place—or in the time in which I have taken an interest in public affairs—I can remember no Budget in which there was such a fundamental and obvious contradiction between the diagnosis and the prescription. According to the Chancellor's Red Book, the economy is in danger of overheating: the output gap is said to be close to zero, and that may well be the case. The service sector is said to be overheating more than manufacturing—and anecdotal evidence would suggest that that is right—and consumption is said to be increasing this year at an unsustainable rate of 4.5 per cent. If that is the rate of growth of consumer spending, and if it is likely to be even greater as a result of windfalls from the demutualisation of the building societies, it is indeed an unsustainable rate of increase.

I do not wish to argue with the diagnosis. If that diagnosis is correct, however, any sane and rational person would surely expect the cure to be to bear down on consumption in the Budget and, perhaps, to do something to increase savings, which would be the complement of such a strategy designed to meet potential overheating in the economy. Instead, however, we are presented with a Budget that will not do anything to consumption. The reduction in consumers' incomes resulting from the increase in excise duties and the reduction in the value of mortgage interest relief seem to be exactly compensated—more or less to the last decimal point—by the reduction in value added tax on domestic fuel and the proposed additional welfare spending. The Budget will have no negative effect on consumption.

At the same time, logically and following from the Chancellor's diagnosis, savings should be incentivised in some way. We have exactly the opposite—an unprecedented, new and burdensome levy is to be placed on contractual savings. I will give way to the Economic Secretary to the Treasury: perhaps she can defend herself.

The Economic Secretary to the Treasury (Mrs. Helen Liddell): I regret the fact that the hon. Gentleman left the points that he was making about consumption before telling us what he suggests should be done about it. Is he recommending an increase in the basic rate of tax, for example?

Mr. Davies: Certainly not—that would be the most damaging way to impact on consumption. I certainly would not reduce VAT on domestic fuel, which was such a perverse thing to do. And I would have got rid of mortgage interest relief altogether. I am happy to say this to the hon. Lady because I have already said it to my constituents. Had I been introducing a Budget, I would have taken measures that would have impacted directly on consumption. The hon. Lady is part of a Front-Bench Treasury team and a Government who have done the opposite and who have compounded that fundamental error by placing a new levy on savings. I do not know whether the hon. Lady wants to argue that point as well, but if she does I am afraid that again she will be unable to defend herself against that serious charge.

That failure to follow the logic of the Labour Government's own diagnosis of what the economy needs will mean one of two things: either there will be genuine overheating—inflation—or the whole burden of counter-cyclical policy and stabilisation will have to be borne by monetary policy, which means higher interest

rates and a higher exchange rate than we would otherwise require. What does that mean in practical terms? It means that the burden will be taken by the internationally traded sector of the economy, particularly by manufacturing. Consumers themselves will actually gain from higher real incomes if sterling is higher.

Whereas the rhetoric of the Labour party is that more needs to be done for manufacturing industry, the wealth-creating sector, and so forth, the Government have presented to the House a formula that goes in the opposite direction. It will profoundly damage manufacturing industry and job creation in that sector, but will do nothing about the growth in consumption about which the Chancellor himself expresses considerable anxiety. You cannot be much more irrational or perverse than that. Or, at least, you might think that you cannot be, Mr. Deputy Speaker, but if you think that, you cannot have looked at the rest of the Bill and the Red Book and compared the two. Frankly, that is what we need to do.

Investment is the other part of the equation that has not been dealt with. One might say, "The economy is overheating, so it would be sensible to bring down investment spending as well." The Government's rhetoric has been, "No, no, we want to increase investment. If the economy is suffering from capacity shortages, we need to invest." If you want to invest more, Mr. Deputy Speaker, and the economy is overheating, that would naturally lead you to reduce consumption further and to have a lower exchange rate, so that demand that was no longer generated at home—no one would invest if there were no demand—would come not from domestic but from overseas consumers. The export and internationally traded sector of the economy generally would then invest to meet that increased demand from abroad or increased market share domestically as a result of the depreciation of sterling.

Exactly the opposite prospect is being presented to the country and the economy. Instead, we have strong sterling. If, Mr. Deputy Speaker, you also want to increase investment—I suppose that the Economic Secretary will not want to argue with this—you need to increase the return from investment. Far from doing so, the Budget reduces it. The net impact of the Government's measures on corporate profitability is negative. If one takes the windfall tax and subtracts the corporation tax reductions, one has a net increase in the tax levy on the corporate sector of about £1 billion—simple arithmetic. However, that does not take into account the increased pension contributions that a number of corporations will have to make to maintain the actuarial solvency of their pension schemes now that the return on investment in those schemes has been so reduced by the Government's abolition of the dividend tax credit.

One of the extraordinary and major lacunae in the Red Book—it is shameful of the Government not to have dealt with it in the Red Book—is the lack of an estimate for this incremental burden on industry and the corporate sector generally that arises directly from the Budget. Whatever it is—obviously, it is several hundred million and it may be billions—it has to be added to that net tax levy on the corporate sector of £1 billion-plus. That will reduce corporate profitability. All other things being equal, that will reduce the incentive to invest.

We hear much from the Government about the fact that capital allowances are being increased. That, supposedly, will persuade people to invest. What an extraordinarily naive assumption. We all know—we have learnt it over and over again—that indirect incentives for investment are ineffective at increasing the aggregate investment rate. Mathematically and logically, they may be certain to have some impact because they reduce the cost of investment, but it will be small. The deadweight cost of such subsidies delivered through the tax system or otherwise is extremely high. It is an ineffective way to assist industry to increase the level of investment.

And what we have certainly learnt is that time-limited tax incentives to invest have no effect on aggregate investment at all. They merely change the timing of capital investment. Now, firms, which can benefit from the increased capital allowances—50 per cent. for plant and equipment investment, which is only part of business investment, over a 12-month period—will bunch all the investment that they intended to make into that period to get the full benefit of the 50 per cent. allowance, but then there will be a falling away. There will be less investment when the tax break has come to an end. That has always been, and always will be, the case with time-limited investment incentives.

You will not have increased by one iota the total investment undertaken over time by British industry. If you have any effect at all, you will have done a most extraordinary thing and brought forward the investment expenditure into a time when, according to the Government's own analysis, we are suffering from overheating and need less spending.

Mr. Deputy Speaker (Mr. Michael J. Martin): Order. I know that the hon. Gentleman can get carried away, but he should refrain from using the term "you", because that is a reference to the Chair.

Mr. Davies: I would never wish to contradict you, Mr. Deputy Speaker, but I trust that if you would be kind enough to read my remarks in *Hansard* you will see that all my uses of the second person singular were indeed addressed to you, Sir; I know that you, Sir, have been examining the Budget and the Finance Bill with great attention and that you, Sir, as a reasonable man, will have taken an interest in the argument that I am advancing.

Mr. Deputy Speaker: The hon. Gentleman is in even deeper trouble than he was earlier, because he should not draw me into the argument. My examination of the Bill has absolutely nothing to do with the debate. I am here to chair the proceedings of the House. That is why he should not use the term "you".

Mr. Davies: I will then use the term "one" as a substitute for the second person plural—as in "one would imagine" or "one would conclude"—if I may, Mr. Deputy Speaker.

The third area of enormous weakness in the Budget, its third fatal fallacy, relates to savings. The effective new levy on savings created by the abolition of dividend tax relief will have several impacts. The first impact, on the individuals concerned, will be serious, because everybody who has invested in a personal pension or any other defined contribution pension, or a life insurance or endowment policy, will have to calculate how much less well off they will be than they had expected to be when they took out the policy or began to contribute to the pension. That will cause great agony of mind, and in some cases great family misery.

[Mr. Davies]

I feel especially for those who have mortgages and have invested in endowment policies with the intention of paying off the capital value at some time in the future. With the existence of dividend tax credits, they would have had every expectation of achieving a capital sum to meet the need to repay the mortgage, but they will now find that there is a substantial shortfall. There is no doubt that millions of people will be affected by the measures. Certainly, all the self-employed, who by definition can only have personal pensions, will face a considerable reduction in their standard of living in retirement. That is the human impact.

The second impact will be the fact that if the incentive to save is reduced, saving will be reduced. I presume that the Financial Secretary believes that supply curves are upward sloping and demand curves downward. Perhaps the Treasury now lives in a world in which it is the other way round. That would explain a great deal. All of us who believe in the laws of gravity believe that supply curves are upward sloping and that if the return from saving is reduced, fewer people will save, or people will save less. We need more savings in the economy, both because the savings ratio in this country has always been low by the standards of our industrial competitors and because at present we appear to have a problem of overheating. In fact, however, we shall get less.

The third impact of the savings levy imposed by the Government is on the distribution—the allocation—of the remaining and reduced savings flow. There will be some extremely perverse consequences. The dividend tax credit was available to institutions—collective investment vehicles such as pension funds and life insurance companies, the so-called gross funds—that invested in British equities. Those funds will find that in so far as they invest in instruments other than British equities, their prospective returns will not have been reduced by the levy, and as all portfolio investment decisions are based on relativity—they are decided at the margin in relation to the relative attractions of alternative financial instruments—there will be an enhanced inducement to invest in other instruments, such as debt instruments or real estate, as though that were not sufficiently overheated, or, indeed, in foreign equities.

The Government go in for a great deal of rhetoric about building up investment in British industry, but they have produced a Budget which will drive the reduced available savings flow into such investments as real estate and foreign equities. That is very good news for the German or Japanese stock markets, for emerging nations' stock markets, or for Wall street, because more British savings will go there than before.

I suppose that the Financial Secretary will get letters from brokers in Wall street, Frankfurt or Singapore, thanking her very much. Perhaps the letters will arrive with a few bunches of flowers; they will be thoroughly deserved, because the benefits received by those brokerage houses will have flowed as a direct and inevitable consequence of the Government's decisions as enshrined in this appalling Budget and Finance Bill.

In this very sad story, there is a fourth fatal illusion. Perhaps this one should surprise us less from the Labour party, because it is the old socialist illusion that somehow Governments create prosperity and jobs.

An important aspect of the Budget is the welfare-to-work programme. I am all in favour of welfare reform. I agree with my hon. Friend the Member for East Yorkshire (Mr. Townend), on this subject at least: we were both disappointed in our efforts to try to persuade our right hon. Friend the Member for Huntingdon (Mr. Major) to introduce an element of workfare in this country. I am pleased that the Labour Government are beginning to make progress in that direction, and I totally support the concept of compulsion in welfare reform and of saying to the unemployed that they have an obligation arising from the money that they receive from the taxpayer and should take a suitable course of training or the available jobs, or get involved in a community work programme; an awful lot of jobs need to be done that could provide considerable satisfaction and benefit to the individuals who take part, as well as to those who benefit from the goods or services produced.

There is, however, a fatal flaw in the welfare-to-work programme: the idea of subsidising employers to take on specific, targeted employees who come off the welfare rolls. The measure will not increase the total demand for labour from firms that are offered the new employees with the subsidies. Indeed, because of the rise in the value of the pound and in interest rates, and the increase in the total burden of corporate taxation, the demand for labour in many parts of industry, and in industry as a whole, will fall.

There will be a major distortion, with economically damaging consequences, involving a great deal of human unfairness. Employers will have an incentive to take on employees who carry the subsidy and not to take on those who do not carry it. Indeed, there may be an incentive to discharge those who do not carry the subsidy so that employers can gain it. If employees taken on with the subsidy have it taken away after a time, the incentive will again be to take on new employees who carry it. There will be great human unfairness. The economic impact will probably be perverse because it is likely that employees who carry the subsidy will have lower productivity levels. They may be less motivated. If they have been unemployed for a long time, they may be out of the habit of work. Aggregate productivity would be reduced.

More importantly, the scheme is financed by a levy on industry—the so-called windfall tax on utilities. That sector is a highly profitable part of British industry. If some £5 billion is taken from it, investment and employment generation in it will be reduced. That would undermine viable, profitable, sustainable jobs in good profitable companies. Having no doubt taken some administrative costs out of the money collected, the subsidy will be handed over to create artificial jobs in other firms in other sectors of industry. That is the old socialism, red in tooth and claw, that we have known about for 50 years or more. It consists of penalising the successful and subsidising the unsuccessful. The result, of course, is an economy that becomes increasingly unsuccessful and unproductive.

This is a terrible Budget which all of us who care about the future of our country must regret. We shall all rue it, not only those directly affected such as holders of personal pensions. It is small consolation that among those who will rue it most will be those who were unfortunately misled by the blandishments of the Labour party's propaganda at the recent general election, who will learn all too soon how profoundly wrong they were.

7.1 pm

Mr. Jim Cunningham (Coventry, South): I congratulate the hon. Members who made their maiden speeches tonight. I have no doubt that we shall hear much from them in coming years.

I was astounded to hear the cries, pleas and wails of the Opposition, particularly in relation to some of the things that they accused us of. Among their throw-away lines was the suggestion that Labour Governments are soft on inflation. That makes me think back to the hyper-inflation of the Heath Government. We certainly remember the hyper-inflation of the Thatcher Government and Geoffrey Howe's raid on the bankers. When the Tories fuss about the windfall tax, we can always take them back to his day, when the precedent was set.

The Tories complained about a £300 million cut in local government. They said that they got that figure from the Local Government Association. They do not talk about the hundreds of millions of pounds that the previous Government cut over the past 10 or 12 years. The Tories are quick to talk about something that is currently speculative. I find it amazing how they can turn things on their heads and blame everyone but themselves. They have not come to terms with the fact that the rhetoric that they have used for the past 18 years has not worked with the electorate or the economy. They have not grasped that yet.

I listened intently to the hon. Member for Grantham and Stamford (Mr. Davies). I kept wondering why the Tories had not made him Chancellor of the Exchequer, which might have saved them a few seats at the general election. We come back to the fact that it is all rhetoric, innuendo and smokescreen. I have listened closely to the debate and the Tories have never come to the real issues of the Budget. As a first step, the Budget seeks to tackle the long-term weakness of the British economy. From successive Governments, particularly Tory Governments, we have had short-termism. Many hon. Members will have come across that issue while fighting the general election.

I was amazed that the Tories raised the issue of mortgage interest relief at source, which is the help that families get to pay their mortgages. It was the Tories who started to cut it. We can go further. They talk about benefits and helping communities, but it was their Government who stopped people who were made redundant getting 12 months' average earnings.

The Budget is about encouraging investment and dealing with poverty, especially among the young unemployed. Tory Members complain about the so-called subsidy to industry to provide quality training, but what about the terrible cost of those young people who were left on the dole under the previous Administration? What about the havoc wreaked in the inner cities, particularly in places such as Coventry, which I represent? What about the level of crime caused by the fact that young people felt disfranchised and could not get jobs? The scheme for young people the Government propose is an investment well worth making. As the economy grows, there will be a need—certainly in the building sector—for apprentices and skilled young people. The Budget is a step in the right direction.

Another objective of the Budget is fairness. Consider how previous Tory Governments treated old-age pensioners. They broke the link between pensions and earnings. They introduced and increased VAT on fuel. We had to stop them, and make them reduce it. The Budget addresses environmental issues that concern people worldwide. Those issues must be tackled. For the first time, we have a Government who are prepared to address them. I do not want go on much longer. Many of my hon. Friends have covered the points that I should have liked to make. I support the Budget and I am sure that many of my hon. Friends will speak further in support of it.

7.6 pm

Mr. Owen Paterson (North Shropshire): I congratulate the three Labour Members on their excellent maiden speeches. The hon. Member for Bexleyheath and Crayford (Mr. Beard) was most generous about his Conservative predecessors and talked interestingly about his constituency.

I was equally impressed by the maiden speech of the hon. Member for Upminster (Mr. Darvill), who replaced Sir Nicholas Bonsor. Sir Nicholas represented my parents for a time in Cheshire. The hon. Gentleman's kind comments matched the character of Sir Nicholas, who was a good man and a good Member of Parliament. The hon. Gentleman spoke fluently and coolly about his constituency, and I was impressed by his comments on the Bill.

The hon. Member for Morecambe and Lunesdale (Miss Smith) gave such a delightful character to her constituency that I am almost tempted to change my holiday plans. She spoke nicely and kindly about Sir Mark Lennox-Boyd, whom I met only once, outside Aintree race course after we had been expelled because of the IRA bomb. She spoke with feeling and interestingly about the problems of her constituency. I wish all three hon. Members well in this Parliament. I am sure that they will make interesting contributions, but that they will not be surprised if I disagree with them.

It is with real humility that I stand to make my maiden speech after such fine performances. I am deeply grateful to those who voted for me and sent me here. I am very conscious that Shropshire has been sending Members of Parliament to London since June 1264, when four knights whose names have been lost went to London. They were deemed "unfit" by Peter de Montfort, most probably because they sided with the King, not the barons' party. Ever since, there has been a tradition in North Shropshire and Oswestry of sending robust, independent-minded Members to Parliament, none more so than my predecessor John Biffen, who was a most splendid parliamentarian. He is enormously popular throughout the constituency. It is an honour to have known him since 1987, when I helped in the election with him.

John Biffen helped to reforge Conservative thinking in the late 1970s. He played a crucial role as Chief Secretary to the Treasury in the early Thatcher Government, helping to forge the first Budgets. As Secretary of State for Trade and later as Leader of the House, he earned extraordinary respect on both sides of the House and from the gentlemen of the press—the fourth estate. He is truly a hard act to follow.

I am sorry to report that John Biffen recently became seriously ill shortly after he was elevated to the peerage as Lord Biffen of Tanat. I am sure that you, Mr. Deputy Speaker, and everyone in the House will wish him a speedy recovery. There is one physical link between us.

[Mr. Owen Paterson]

He left me his fridge. Despite the best efforts of the Serjeant at Arms and his excellent team, the fridge has not been found. I am sure that if you could help in the search, Mr. Deputy Speaker, you might help me find the secret which enabled John to speak with such prescient wisdom without being pompous and always with a wonderful wry sense of humour without being flippant.

As far as I know, my family have produced no previous Members of Parliament, but my wife's family have produced eight successive generations. Some of them, one has to say, are questionable. One in the 1770s was caught in the act of adultery with his doctor's wife and refused to resign. Another was reputed to be quite the worst Home Secretary in the 19th century and a third sadly died after eating a kipper in too much of a hurry on the way to an election meeting.

Every now and then a family throws up a real star, and Nicholas Ridley was a most brilliant man. He had wide interests outside the House. He was a most talented water colour artist, a stonemason, an architect and a fine fly fisherman and shot. Yet he also had political beliefs of the deepest conviction to which he stuck through thick and thin and which, I am glad to say, he put into effect in a most effective manner in the late 1980s as a Cabinet Minister. Nicholas Ridley was a profoundly politically incorrect person. He ate, drank and smoked things of which many people would disapprove until the day he died.

I was born in Whitchurch in my constituency, and I consider it an enormous privilege to represent the place where I have lived most of my life. I see a large number of historical figures as an example to me. I come here to represent North Shropshire and also to defend the United Kingdom. I see that a major role is to defend the powers invested in the House. One historical figure was Caractacus, who boldly stood up to the harmonising and centralising power of Rome. Another was King Offa who, confronted with his West Lothian problem, built an enormous dyke—as a warning to Welsh Members—to the lasting detriment of the Welsh economy.

I feel that it is our role as politicians to guard the precarious balance of power between conflicting interests and to ensure the peace. The last time that the peace broke down irrevocably was in the civil war, when north Shropshire was badly divided. Oswestry was burnt to the ground by Cromwell. This morning, I went to probably the largest public meeting since the civil war. Well over 100,000 people came together to defend country sports, which generate £3.8 million.

The Labour party won a great victory on 1 May. It has an overwhelming parliamentary majority, but it should be humble and remember that it received a minority of the public vote. The Labour Government have the power to do almost anything that they want, but they should not use that power to impose their ideals on large minorities in distant parts of the country. I quote the words of Catherine the Great, who was invested with total power. She was an autocrat by divine right. She wrote to Voltaire, saying, "You are so lucky, dear Voltaire. You write your ideas on paper whereas I, poor Empress, write upon human skin, which is much more ticklish."

I am glad to say that, following 18 years of Conservative Government, North Shropshire today is an extremely prosperous place. Unemployment is down to 4 per cent. I consider myself to be in a position to judge the prosperity of the area. I have spent all my life in manufacturing industry, as a tanner. I have travelled the world buying materials and selling leather, overwhelmingly for export. With one or two exceptions, I have not visited a single business or farm in North Shropshire in the past two years which has not invested and taken on new labour, new people, to work in their businesses. That is a tribute to what we have achieved.

North Shropshire is still overwhelmingly rural and agricultural. It has the largest milk lake in western Europe. The industries are mainly family owned and relatively small, and related to agriculture. There are odd shining exceptions such as the enormous investment by British Telecom near Oswestry and the orthopaedic hospital in Gobowen, which is world renowned for its work. We have fine private and state-financed schools in North Shropshire. I have to say that the formula that distributes central Government funds to local government militates sharply against sparsely populated, rural counties such as Shropshire.

The Budget is not necessary. North Shropshire is prospering and investment is coming in. The central theme is investment. I went to Aretsried in Bavaria last year to meet Mr. Theo Müller, who has invested £50 million since 1991 in a state-of-the-art yogurt plant in Market Drayton. I understand that it is the convention not to speak in foreign languages in the House, but what I am about to say is easy to understand. He greeted me with the words, "England ist paradies". Those words uncannily echoed the promise by Jacques Delors that if Britain stayed out of the social chapter it would become a paradise for foreign investment.

For three hours, Herr Müller regaled me with the joys of doing business in an England with a deregulated and reformed economy—such a contrast to the sclerotic regulation that trips him up in all his moves in continental Europe. He said again and again that one of the great attractions of doing business here was, first, that his management and work force in North Shropshire had grabbed the opportunities that he had presented to them and, secondly, that corporate and personal taxation was lower here than in most countries in continental Europe. Yet the Budget, which has been rushed out 10 weeks after the election, introduces 17 tax increases.

When Nicholas Ridley made his maiden speech in 1950, he quoted one of his predecessors, Lord Dunrossil, who spoke on the 1932 Budget. His statement was clear and as true then as it is now. "All taxation is bad." There is no tax that could be worse than the windfall tax. It is capricious, arbitrary and retrospective.

I do not think that the money yielded will be spent effectively. I have been around the world and I know that such welfare-to-work schemes are extremely expensive and they do not achieve their aim. In the 1980s, the Australians launched such a scheme, but when the Australian Bureau of Labour conducted an in-depth survey of it at the end of the 1980s it found that the results were so calamitously bad that it abandoned the project. I do not believe that the people of North Shropshire will take on school leavers next year; they will simply wait six months and then take them on, and the £60 bribe. That policy will distort the labour market unnecessarily.

The windfall tax is a tax on pensioners whose funds are overwhelmingly invested in the equities of the privatised utilities. Those pensioners also spend a higher proportion

of their income on the utilities' products. Current and future pensions will also be hammered by the Budget as a result of the changes to ACT and the dividend regulations.

When one considers that one of the previous Government's great successes was to build up private pension funds to the value of £650 billion, which is greater than the total sum of such funds held throughout Europe, and when continental Europe is beginning to realise that it has no chance of funding its pension commitment out of current taxation, it is utterly bizarre that we should turn the other way. The Bill will effectively take out £50 billion that would otherwise have gone into investment—that is what it will take to maintain current pension funds. It is simply not good enough for the Chancellor to say that many pension funds are overfunded; many are operated according to different contribution schemes. Between 5 million and 6 million people may pay £20 a month extra because of the Government's changes. That is a straight tax.

I do not believe that ACT will achieve the aim of trying to direct dividends into investment. A study conducted by the City university as recently as May has shown that, quite contrary to current Labour thinking, those companies that pay generous dividends also invest heavily in research and development.

A further particularly pernicious measure in the Bill is the change on tax relief on private health. I am sure that you have heard, Mr. Deputy Speaker, that many constituencies are beautiful; mine is as beautiful as any other and many people choose to retire there. There is always pressure on the health service and I find it extraordinary that the Government should now introduce a measure which could, according to one newspaper report at the weekend, put another 100,000 people on waiting lists. The average person over 60 on a private scheme takes £760 of care a year. The Government's measure does not make sense.

Another particularly pernicious measure which will damage North Shropshire is the increase in fuel duty. North Shropshire has five market towns and 98 villages. In such an area, the car is not some nasty polluting machine which should be locked up in a shed and the key thrown away; it is an essential tool of everyday life. To raise fuel duty by 6 per cent. above inflation is nothing less than vicious.

I see trouble ahead: the exchange rate is rising to levels where 500,000 export-related jobs must be put in jeopardy soon. Their loss will wipe out any advantage from the schemes paid for by the windfall tax. The Government have given all the tools away by handing over powers to the Bank of England. It is bound always to act conservatively and to take a tough line on interest rates. That is exactly what my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) forecast. He held it back, but it has now announced three interest rate rises. That will hurt businesses in North Shropshire.

I am highly alarmed by the relaxation of the inflation target. That is extraordinary because it will hurt those sectors that are dear to many on the Labour Benches, who are keen to see enormous increased spending on health and education. We, on the Conservative Benches, also want good quality services in those sectors, but we are aware that they must be paid for. There are precious few people like me who have been in wealth-creating industries and who can see the matter from the other side.

The Labour party was defeated heavily four times. It saw the command economies of eastern Europe fail and it grudgingly had to admit that state socialism has not worked. It has not, however, taken on market economics with any enthusiasm. It is not enough for the Government to employ the chairmen of enormous corporations and suddenly to say that they are the party of business. To be the party of business and to talk genuinely about the long term, the requirement is very simple, one needs low inflation, low tax and minimum Government interference. The Government still have an overriding belief that the state can direct the economy and steer money from dividends into investment. They do not understand the simple truths that have created the enormous successes such as Hong Kong, where the state only takes 16 per cent. of the gross domestic product.

The Labour Government do not understand that the reward for risk is profit, and that that profit should stay with the person who took the risk, even 10 years after he took it. The person who invests takes a risk. All the businesses that I have in North Shropshire are investing and they deserve to keep their rewards. They should employ people because those new employees will add value and will help their companies to grow. They should not take on employees purely because of a temporary bribe.

The Budget sends out dreadful signals to the outside world. The Government are acting like a man-eating tiger. They have screwed themselves up to bite the corporate sector once—90 per cent. of the new taxation falls on that sector—and once the proceeds of the windfall tax have run out, they will surely be tempted to bite it again.

We had a bad Budget last week and this week we are met with a bad Bill. It will not help my constituents and I urge the House to vote against it.

7.26 pm

Mr. Jim Murphy (Eastwood): I should like to speak in support of the Bill and the measures in it, but before I do so I should like to pay credit to the hon. Member for North Shropshire (Mr. Paterson), who made a maiden speech of much interest and detail, although many of his arguments were flawed. I should like to pick up on two issues that he raised; first, the serious matter of his missing fridge and, secondly, his wife's family.

I am jealous of the hon. Gentleman because, as a new Member, I do not have an office big enough for a fridge, so perhaps he would like to organise an office swap or at least a shared fridge.

As for the hon. Gentleman's wife's family, he will be aware that the Labour Government are committed to abolishing the hereditary right of peers to vote. Perhaps someone should introduce a private Member's Bill to end the hereditary right of the hon. Gentleman's wife's family to be elected as Members of the House, particularly given the hon. Gentleman's description of some of them. I am sure that he will not follow the acrimonious and contentious path taken by some of them.

I should like to refer to clauses 1 to 5 and respond to the debate that has taken place tonight and during the Budget debate. I should also like to reply in particular to some of the points raised by the hon. Member for Grantham and Stamford (Mr. Davies), although I note that he has now left the Chamber.

The hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood), who spoke on behalf of the Liberal Democrats in yesterday's debate, described our

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welfare-to-work project and the windfall levy as rough justice. Labour Members contend that they are nothing of the sort—indeed, quite the opposite. Perhaps the sanctimony that comes from decades in opposition—and the continuing prospect of further decades in opposition—has clouded the hon. Gentleman's judgment. Our plans, contained in the Finance Bill, are fair to the consumer, fair to the unemployed and fair to the economy.

The utilities have built up excess profits that could be put to much better use. The original price caps on the utilities were far too generous and the price controls on them were far too limited, so they were able to build up enormous cash surpluses. In its survey, the National Consumer Council identified that in the two years between 1990–91 and 1992–93 the electricity companies were able to benefit from increased profits of 48 per cent. That figure highlights the need for us to levy a one-off windfall tax.

It was the previous Government's inability to act that made it unfair for consumers. I welcome the review on regulation to be carried out by my right hon. Friend the President of the Board of Trade. I also welcome the promise made by my right hon. Friend the Chancellor that the cost of the windfall levy will not be borne by the consumer.

This Government, unlike the previous Government, have priorities based on detailed experience of the unemployed rather than outdated dogma. We are determined to end the scourge of youth unemployment and long-term unemployment and to invest in the long-term future—in the raw materials and individuals of this country. The Government's statistical unit identifies that 85 per cent. of people who are unemployed for less than one month find work, but it also shows that fewer than a quarter of people who are unemployed for more than a year go directly into work. Those figures—every one of which is an individual human tragedy—show why the Government are properly motivated and are addressing the problem of long-term unemployment. They show that the longer someone is out of work, the harder it is for them to get back into the marketplace. That is the rationale and justification for our windfall levy. The hon. Member for Roxburgh and Berwickshire spoke about rough justice, but it is nothing of the sort. The windfall levy is about economic justice and social justice, which is why we are so eager to implement it only 10 weeks after coming into office.

I have spoken about the Liberal Democrats, but I also want to mention the Conservatives, whose response has been strange. Conservative Members want to protect the excess profits of the privatised utilities and prevent an opportunity to help the young and the long-term unemployed. The Tories' response to our welfare-to-work programme and the windfall levy has seemed hysterical and makes the privatised utilities' response look measured by comparison. The share prices of the companies have risen since the announcement. The threat of a legal challenge against the Government from some of the companies has receded—no doubt despite encouragement from Conservative Members, who are perhaps disappointed.

Hon. Members will be aware that in Scotland, Ian Robinson of Scottish Power has taken on the responsibility of leading the task force of welfare to work. That is a strong symbol of the way in which we can we work together to deliver job opportunities for young people. The Tories seem to be more opposed to the windfall levy than the privatised utilities are.

In my few short weeks in the House I have come to understand something about the nature of opposition. It is my understanding that the Opposition should give credit where it is due. That is a lesson that the Labour party learnt towards the end of its period in opposition. It was certainly a characteristic of the rehabilitation of the new Labour party. I have no doubt that the Conservatives' inability to learn that lesson will end in the ruination of a tired Tory party.

The Tories complain about opportunity and then take every opportunity to complain about our windfall levy and job opportunities that it will provide for young people. As hon. Members are aware, the country will not thank the Tories for their 18 years of intransigence on the subject of job opportunities for the young and their 10 weeks of outright hostility to our new deal for young people and the long-term unemployed.

This is my second speech in the House. As well as knocking the Liberal Democrats and the Conservatives for what they have failed to do in opposition and in government over the past 18 years, I should also like, as a Back Bencher, to ask Ministers for some clarification of their plans. I seek some important clarification on the one-off windfall levy. Of course it was a one-off levy it is unique. Unlike the Conservatives, who introduced 29 different schemes for job opportunities, job creation and welfare, we are introducing our new deal for the length of the Parliament.

We inherit a problem because there is a lack of faith among many unemployed people, particularly the young unemployed, who have experienced months—sometimes years—of failed schemes under the previous Government. They need to make a leap of faith. What measures do we, as a Government, have planned to encourage that leap of faith? Do we have any plans for a clear statement about the rights and responsibilities of the individuals and of the employers, who are so crucial to our ability to deliver this project?

I also seek clarification about the quality standard marks that we will use in government to measure the Bill's progress. I should like clarification, perhaps not this evening but as we move towards the implementation of the new deal, of how we intend to track the many thousands of people who will undoubtedly benefit as a result of our adventurous and imaginative plans.

When I was investigating the levels of youth unemployment in my constituency of Eastwood, I found that the level of long-term youth unemployment was just below 40 per cent. That figure concerns me and my constituency. After all, Eastwood had been the safest Conservative seat in Scotland, yet it suffered from 40 per cent. long-term youth unemployment. The tables delivered to me by the House of Commons Library reveal the true level of youth unemployment in some constituencies in Northern Ireland. Ten Northern Ireland constituencies have long-term youth unemployment of more than 50 per cent. and in two constituencies the level is more than 60 per cent. For West Tyrone, the figure is 62 per cent. and for Mid-Ulster it is 60 per cent.

I know that Northern Ireland Ministers are not present this evening, but I think that the Under-Secretary of State for Northern Ireland, my hon. Friend the Member for

Clydebank and Milngavie (Mr. Worthington) is working on some specific measures and I look forward to receiving details. I should like to know what specific plans we have to overcome the abominable levels of long-term youth unemployment that exist in Northern Ireland.

We are all aware of the phrase, "The devil finds work for idle hands". To call the paramilitaries the devil would be to pay them too much of a compliment, but if we do not help many of the young people of Northern Ireland to change their life style and find opportunities, I fear for some of their futures. I should welcome some information about how we plan to address the problems in Northern Ireland.

I welcome the news from the Government that they intend to reform the 16-hour rule, thus enabling the unemployed to study part time. I welcome the plans for those reforms because I benefited from that scheme. I studied part time while being unemployed and that took me on to university and, ultimately, to my place in the House. Some hon. Members might say that that is a reason to clamp down on the 16-hour rule, but it was definitely one of my first steps towards becoming a Member of Parliament.

Only 14 per cent. of those who are currently unemployed are studying, and more than 25 per cent. of those who are currently working are involved in study. I should like to consider ways in which we can improve educational and training opportunities for those people. That is why I welcome the windfall tax and the welfare-to-work programme. We have identified four quality pathways out of difficulty and depression and a place on a scheme for education and training at college is just one of those opportunities.

My experience of studying occurred just over 10 years ago. I shared the lecture theatre with mature men and women who were unemployed and some who had families. The transformation it brought about in their lives was remarkable. Although I have lost contact with many of those people, I have not lost touch with that experience and, as I have said, I welcome the Government's plans to reform the 16-hour rule.

As I understand it, one of the current regulations states that individuals must be available for work at 24 hours' notice. It does not make economic or social sense for someone who is only three weeks away from completing a course to have to remove himself at 24 hours' notice. That may mean that that person cannot sit an examination—and they may have no other opportunity to achieve that qualification. It is bad for personal development and is socially unjust.

The Finance Bill contains an enormous number of measures that make long-term economic sense. They are socially just and will increase opportunities for many thousands of individuals throughout the country. I wish the Government well in putting together those plans and I look forward to working with Ministers to bring about real changes in the real lives of people in my constituency.

7.42 pm

Mr. Simon Burns (Chelmsford, West): I add my congratulations to those who have gone through the daunting experience of making their maiden speeches this evening. I pay tribute to my hon. Friend the Member for North Shropshire (Mr. Paterson) whose confident, witty and eloquent speech showed that the people of North Shropshire were right to return him to the House on 1 May.

It is just over a week since the Chancellor of the Exchequer delivered his Budget statement. Eight days later, there is a great difference in the Chamber as we begin the long and detailed task of studying and implementing the Finance Bill. There is a great contrast to the euphoric scenes we witnessed among Labour Members when the Chancellor sat down, having delivered the first Labour Budget for 18 years. I thought that they were trying to compete with each other in their enthusiasm and demonstrations of support in the hope that the Whips would take notice of them and that they would earn maximum brownie points on what I understand is known in certain quarters as the Helen Brinton scale of sycophancy.

Today, we have had a more measured and mature debate because a week has passed in which the experts in the financial markets and the media and hon. Members have been able to read the small print of the Budget. The small print, as outlined in the Bill, is not as good to read as was suggested by the Chancellor's delivery last week.

In some quarters the Budget has been called, erroneously, the people's Budget. I understand that some of the measures will be welcomed by certain sections of the community. I should like to look at what is in the Bill for pensioners to see whether it justifies the expectations raised by the Labour party prior to the general election. Yes, it is true that many pensioners will welcome the Chancellor's decision to reduce VAT on fuel from 8 to 5 per cent.—3p in the pound; 30p on a £10 fuel bill, £3 on a £100 fuel bill and £15 on a £500 fuel bill over the year. No one can say that pensioners will not welcome that, even if it is a relatively small amount of tax hand-back to that group.

However, the Chancellor has raised significantly the taxes on cigarettes and alcoholic drinks—that will come into effect in December and the new year. I will not argue about whether that is right or wrong, particularly because of the ramifications for health, but it is a fact of life that many pensioners smoke and even more probably enjoy a pint of beer or a drink from time to time. They will have to pay more from their pensions for that.

There is also the measure concerning pensioners who have tax relief on their private health insurance. I can understand that, as ideological warriors, Labour Members will be delighted that that measure will penalise about 600,000 pensioners, but have the Government thought through the implications for those who will no longer be able to afford the premiums and will now have to use the national health service? Their using private provision relieves some of the pressures on the health service.

I should like to deal specifically with ACT because I wonder whether the Government have thought about all the implications of that measure. There is one particular matter that I am disappointed the Chancellor did not include in his Budget. The National Assistance (Assessment of Resources) Amendment Order 1996 was published in response to the 1995 Budget of my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke).

To universal approval on both sides of the House, my right hon. and learned Friend raised the thresholds for means-tested benefits for long-term care from, at the

[Mr. Simon Burns]

lower end, £3,000 disregard to £10,000 and, at the upper limit, from £10,000 to £16,000. That proposal was enacted in 1996 through the order, which has an impact because of the implications for occupational pensions. Under regulations 2(1) and 2(5), 50 per cent. of an individual's occupational pension can be disregarded in the calculations. Given what will happen to future pensioners with the new measures on ACT, there will be financial hardship for some pensioners whose wife or partner may be facing long-term care. I wonder whether the Government have given that any consideration.

The second point that worries me is an omission from the Budget. As a result of that 1996 order, local authorities were not allowed to charge anyone for long-term care if they had assets of up to £10,000. From £10,000 to £16,000 the calculations were worked out on a sliding scale, similar to the income support regulations. That is what the House wanted and what was proposed by the regulations following my right hon. and learned Friend's 1995 Budget.

I was a health Minister in the previous Administration and I found it extraordinary that one local authority thought that it knew better than the House and decided that it would not implement those regulations. Labour-dominated Sefton council said that it would make any pensioner who needed long-term care pay for it until their savings fell to £1,500—not £10,000. Help the Aged took the council to judicial review. I remember meeting councillors on another matter, at the beginning of this year, when the issue was raised. It was clear that the council had some sharp lawyer who had looked through the financial regulations emanating from the Budget to find a way to get the council out of its obligations.

To my amazement, in late March the judicial review found in Sefton's favour. That has created an extraordinary situation: every local authority with responsibility for the long-term care of the elderly could follow the Sefton route and disregard the will of this House and not finance such care until a person's savings have come down to £1,500. It is a chilling thought that tens of thousands of fragile and frail pensioners—the most vulnerable group in society—in residential care could be made to pay if they have assets above £1,500.

At the time of the court decision, the then Conservative Secretary of State for Health, my right hon. Friend the Member for Charnwood (Mr. Dorrell) said that if we won the general election we would block that loophole as quickly as possible. At the same time, the then Opposition health spokesman, the right hon. Member for Islington, South and Finsbury (Mr. Smith), said that

"a Labour Government would ensure that the cash thresholds remained in place. If that requires legislation, we will introduce it".

That was an unequivocal, clear-cut pledge, which I welcomed.

We had the general election. The Labour party won. It has now been in power for seven or eight weeks and the new Chancellor has introduced his first Budget. During Prime Minister's Question Time a few weeks ago, I asked the right hon. Gentleman when the Government would introduce the promised legislation. To be fair, it is not the most talked about problem—although it is of paramount importance to pensioners and their families. It is clear that the right hon. Gentleman did not understand the question and was not familiar with the problem.

I understand that. We do not necessarily expect the Prime Minister of the day to know the answer to every question posed during Question Time, but he could have had the grace and the dignity—it did not reflect very well on him—to say that he understood the concern and would look into the matter. That would have been the end of the subject. Instead, almost in a panic—no doubt because he was terrified of the people in the Press Gallery, to whom he pays particular attention because he is a vain man and likes his press cuttings to be good—he decided to ignore the question and just lash out. That is why I am pleased that a perspicacious journalist from *The Independent* noticed that it was the unanswered question of the day.

I then tabled a question to the Prime Minister—he seemed to have matured with time—who replied on 30 June:

"I am concerned about the implications of the Court Judgment on the Judicial Review".—[*Official Report*, 30 June 1997; Vol. 297, c. *24*.]

That is a more mature response.

The Chancellor could have included a small provision in the Budget to block the loophole without the additional expense and worry involved in an appeal of the judicial review decision. Instead, he said that if the appeal was unsuccessful, the hon. Member for Bradford, West (Mr. Singh) would introduce a private Member's Bill. That is one way to deal with the problem, but the first day allocated for dealing with such Bills is 28 November. The Bill will not get on to the statute book until mid-1998. That will mean that, for almost two years, pensioners in long-term care in Sefton will have been paying for parts of their residential care for which Parliament never intended or wanted them to pay. Meanwhile, other local authorities could adopt Sefton's policy.

The whole problem could have been rectified far more quickly and unequivocally through this Finance Bill. I do not understand why, given the categorical pledge by the Labour Opposition health spokesman, the opportunity to legislate has been missed in the Budget and the Finance Bill. I would welcome an explanation, in the wind-up, of why, rather than using the National Assistance Act 1948, the Government did not use the vehicle of the Finance Bill 1997. It would have required only a single clause, which I am sure no hon. Member would have opposed, to do what so many pensioners and their families want—and, indeed, believed that the Conservative Government if re-elected and the Labour party if elected would have done as a matter of urgency to stop other local authorities following Sefton's example—and rectify the gross injustice being suffered by a number of pensioners in Sefton.

I hope that the Economic Secretary will urgently examine the issue and will not rely on the legal processes and the possibility of a private Member's Bill to sort out what everyone, regardless of political persuasion, regards as a gross injustice and an arrogant misinterpretation of the wishes and intentions of this House following the 1995 Budget of my right hon. and learned Friend the Member for Rushcliffe.

7.57 pm

Dr. Vincent Cable (Twickenham): My hon. Friend the Member for Kingston and Surbiton (Mr. Davey) has already spoken about the Liberal Democrats' basic critique of the Budget, which is essentially its impact on

public spending and key public services and the higher than expected inflation. I want to say something about the broader remit of the Government's economic policy, in particular today's events in the City.

We have made it clear that we fully support the Government's decision to make the Bank of England independent. We fully support the way in which the Chancellor chose to make it independent—with the Government retaining the political choice of inflation objectives. We share the Government's view that a great deal of the responsibility for the interest rate rises lies with the previous Government.

However, the Government have aggravated the problem by failing to take the political opportunity presented by the Budget to confront the British people with the direct option of a modest amount of increased personal direct taxation in order to take some of the consumer demand out of the economy.

There remains a real technical problem—I do not raise it in any party political sense—in that an enormous amount of the liquidity now swilling around the economy has been generated by building society demutualisation. That is being treated as a problem about which we can do very little, yet it has enormous implications. It is the equivalent of a 10p cut in income tax in its effect on consumption—and there is still a large amount to come into the system. There is growing concern about that, not only on the ground of economic policy, but because of wider implications such as the destruction of the building society movement. Indeed, many hon. Members have signed early-day motions about that.

Do the Government, in the context of the Budget or more broadly, have any thoughts on how to deal with the problem? There is an impact on the management of the economy. Building societies, or what is left of them, argue that perhaps now is an appropriate time to place a moratorium on demutualisation and to stop the process until we have had time to take stock of the implications. Perhaps that is something which Ministers should consider.

One of the major reasons why Liberal Democrats are opposed to a guillotine and to cutting discussion on the Bill is that many of the corporate tax provisions are extremely complex and have wide-ranging implications, which clearly have not been thought through. Ministers approached corporate taxation in a cash-grabbing spirit and did not think of some of the ramifications. There are historical precedents for that. Some of us remember the days when Kaldor and Balogh advised the first Wilson Government on corporation tax, capital gains tax and selective employment tax. The ripples from that emanated for years, and many distortions were created.

Today's newspapers give examples of some of the difficulties that will arise. One problem, which the hon. Member for Grantham and Stamford (Mr. Davies) mentioned, is foreign dividend income, especially the foreign investment dividend scheme. I do not claim to be a tax lawyer or to understand the full implications, but what appears to have happened is that the Government, in lifting tax credit on advance corporation tax, removed a major distortion and anomaly from the previous system by which investment was favoured in British companies over foreign companies.

The Government said very little about that effect, possibly because they suspected that their Back Benchers were not as committed to globalisation of investment as they were. Perhaps Ministers did not understand the implications or thought that the FID scheme would offset that effect. We now realise, however, that many British companies might have to take action after the closure of the FID window and locate themselves overseas, because of the weight in their portfolio of foreign investment income. The Government might have to withdraw the scheme. I have no passionate views on which is the right approach, because it is a very technical matter. However, we badly need clarification of policy in a sphere that is arcane but extremely important for business and investors. The Government have created a great deal of confusion.

We need more reflection and more time so that we can absorb some of the lessons available from the pensions sector. It is understandable that pension funds—both occupational schemes and general pension funds—should be exaggerating the difficulties created for them by the Budget. Undoubtedly, however, the difficulties are very real. Many occupational pension schemes are in serious financial trouble. One of the consequences will be that British business will have to increase considerably the amount that it pays into the schemes. There will be a considerably increased overhead for British business, coinciding with higher interest rates and a higher pound. Clearly, major economic policy implications have not been thought through.

It is not at all clear that the Government have understood the way in which business has changed over the past 20 or 30 years, since corporation tax was introduced. It has been assumed too glibly that change in the ACT provision will have the predicted effect of encouraging retention of investment rather than distribution of dividends. The change may have the exactly opposite effect, because many companies will expect their investors to continue to receive the same after-tax return. If they have that objective, the effect will be to reduce rather than to increase investment in companies. Those matters clearly will require more mature reflection, and guillotining debate on them will not help.

Most of the general debating points on the windfall tax have already been made and were well advertised. What was not well advertised, however, was the way in which the windfall tax will operate. The Government have now chosen a specific formula, based on excessive profits in the four years after flotation. That was one of several methods that could have been chosen, and it is not necessarily any better or worse than any other method. As that method has been chosen, however, there will clearly be enormous differences in the way in which incidence of the windfall tax is determined.

One or two of the anomalies of choosing that method are already coming to light. Utilities such as Thames Water, which went on an enormous spending spree immediately after privatisation, for example—imagining themselves to be big, global businesses diversifying out of their core business, making massive investments and reducing their profits—will have to pay less windfall tax than very prudent utilities, such as Seeboard, which stuck to their core business. Those companies will be penalised for running a business more sensibly than some of the others. That is a direct consequence of the chosen formula.

Another consequence of the chosen method is that utilities that paid out much higher dividends in the period immediately after flotation will have to pay less windfall

[Dr. Vincent Cable]

tax than those that kept the cash and reduced their interest burden. Those are second-order consequences of the tax, which Ministers have not started to think through.

The main justification given for the windfall tax was that it would increase fiscal fairness—a general sense of justice—and Liberal Democrat Members support that broad principle. As is well known, in principle, we are in favour of taxing not only fat cats, but fairly plump ones. The overall Budget package, however, will do little for taxation of the very rich, including those who benefited from the original utility privatisations.

I do not know whether anyone has tracked down people such as Mr. Cedric Brown to discover their current whereabouts—which could as easily be Marbella as Margate. If one asks what the Budget will do to a multi-millionaire such as Cedric Brown, who profited from the original privatisation, the answer is probably very little. He will pay a little more petrol tax to power his Jaguar, but he will still pay the top-rate tax of 40 per cent. on his earned and unearned income, although he will now be drawing substantially more in interest income from his large financial deposits. The Budget has not done anything to inconvenience real fat cats, and that is one of our major criticisms.

It is extraordinarily presumptuous of the Government to claim that the Budget is green, and that that is one of its primary achievements. Increase in petrol tax is the primary measure which could be described as green. There is nothing fundamentally wrong with an increase in petrol tax, but of all the taxes that could be introduced, we know that such a tax will have the least effect on environmental behaviour. All the research that has ever been done on taxation shows that there is little response in consumption after higher petrol taxes have been imposed.

Paradoxically, by simultaneously cutting value added tax on fuel, the Government may have introduced a type of negative carbon tax. The increase will have done the exact opposite of what the Government promised in New York to do—to provide a bold new lead on environmental policy. They have achieved the opposite result of what they intended.

There is a possibility that the Government will indirectly achieve the result that they desire for the environment—to reduce pollution—because manufacturing industry's output may be slowed substantially. If exchange rates and interest rates rise, output will fall, and pollution will fall with it. We may therefore achieve a desirable outcome environmentally, but only as a consequence of mismanagement of the economy, with all the damaging economic side-effects.

8.8 pm

Mr. Graham Stringer (Manchester, Blackley): I support the Finance Bill and last week's statement by the Chancellor of the Exchequer. However, before I explain my support in detail and why I think that the Bill will be extremely good for my constituents in Manchester, Blackley, I should like to make an observation on Opposition Members' criticisms of the Budget.

I have listened to Opposition Members' speeches—some of which contained some pointed and detailed analysis, which I shall not deal with in detail—and much of their criticism contained words such as "profligate" and "socialist". Some Opposition Members even said that it is a "traditional Labour Budget". Simultaneously, however, other Opposition Members criticised the Budget because it does not impose sufficient taxation. The Opposition's arguments are in direct conflict with each other.

I have come across opponents in other contexts who have used two completely conflicting arguments, the most recent case being that of the second runway at Manchester airport. Until 1 June, I chaired the company involved in that project. Like the Conservative Opposition now, the opposition in that instance wanted it both ways: they were opposed to the second runway because it would make the airport too large, but they also said that the second runway was not needed as no one would fly there. When conflicting arguments are being used by the same people, it means that the opposition have no coherent view or objective.

It is therefore not surprising that some of the difficulties that the economy is experiencing at the moment were caused not only because the Conservatives' analysis of what was happening was schizophrenic, but because the Conservative party is wholly split. The previous Chancellor did not make, or refused to make, the decisions that should have been made earlier this year because he was in a minority in his party and because his party and the Government were split. That is one reason why the Bank of England is now raising interest rates.

I do not agree with everything that my hon. Friend the Member for Brent, East (Mr. Livingstone) said in the debate on the Budget last week, but I agree with his basic analysis. Even if my right hon. Friend the Chancellor had not made a speech at all, the situation would still have been considerably better than what has happened in the past 18 years. However, the Chancellor did make a speech, and it contained a number of important commitments that take us in a completely different direction in comparison to previous Budgets. The welfare-to-work programme, the provision of training for people to look after children, and the commitments given to the long-term unemployed will go to the heart of many problems in my constituency.

In the past 18 years, we have experienced a cycle of boom and bust. At times, some of the population have done extremely well, while others have not. While the economy in parts of the south-east has done well, there has been an increasing differential between people who live in the inner city—in, for example, Manchester, Blackley—and those who do not. The measures that the Chancellor has introduced will start to alleviate many of the problems, but it will be a difficult task, as there have been 18 years of problems.

As has been explained, not everyone who is unemployed is in the same position. Not only have Conservative Budgets done nothing for people in the inner cities, such as those whom I represent, but the Conservatives introduced a battery of legislation, which has made the position considerably worse. Members of some families in my constituency, who were children in the recession in the early 1970s during the oil crisis, have not worked. They left school, but did not go into employment as their parents had done. They have had children and those children have now gone through school. They have not managed to find employment and now have children themselves. There is a cycle of

deprivation. Those people have been hurt not only by the normal economic cycles, but by the battery of previous legislation.

I shall cite three examples of legislation that has impacted differently on people who live in the inner cities and those who live outside, especially in the south-east of England. When the poll tax was introduced, 80 per cent. of residents in my constituency ended up paying more than they had under the rating system—and they were some of the poorest people in the country. Legislation adversely affected people who had managed to get themselves off benefit and out of unemployment.

Another example of such legislation was directed at local government and included the requirement to introduce compulsory competitive tendering. That policy attacked people's wages, and the competition from outside companies has often been unfair. For example, companies contracted to clean buildings sometimes paid half the wages that the council had paid. There are many discussions about the minimum wage and, whatever figure is finally arrived at, many councils—Manchester city council in this case, but the same applies to many large councils around the country—are not too much out of line with what might be considered. In any event, the new requirement meant that people either became unemployed or saw a drop in their standard of living.

Legislation to ring fence housing finance was introduced at the same time as the poll tax. In Manchester, it meant a 30 per cent. increase in rents, even though that was quite contrary to what the then Minister said. The Government refused to take into account the fact that in previous years repairs had been capitalised, so they assumed that the subsidy was much less than it was.

People living in the inner city have had a difficult time. I greatly welcome the welfare-to-work proposals, but it will not be easy for young people leaving school to take up employment. The culture of employment has disappeared in many families. Now, the third generation of some families will find it even more difficult to take up employment because they have left it a long way behind.

The official statistics show that the economy has been improving for five years. Whether or not one accepts the absolute nature of those figures, there is no doubt that more people are employed now than were employed five years ago. However, what has been masked is the fact that most of the growth in the economy has left behind many people in the inner city. It is only by targeting training and getting those people into employment that we shall stop the cycle of deprivation. I welcome the Budget. It will be hard work getting people back into employment, but the Budget is a start.

I wish to examine three taxes, one in detail and in response to the hon. Member for Twickenham (Dr. Cable). I welcome the fact that the Chancellor has been cautious on green taxes. There is no doubt that we as a party are committed to improving the environment and reducing the greenhouse gases that will have consequences for us all if we do not do something about them. However, we have to be very cautious, more cautious than many Liberal Democrat manifestos have been. If one wants to introduce green taxes, the simplest and easiest thing to do is tax the poorest people. It is the nature of many green taxes that they are regressive. I welcome the cautious start that has been made, so that when we take further action on the environment, we are more likely to get it right.

I also want to talk about duty on tobacco and, in more detail, duty on alcohol. The Chancellor said that he would put those taxes up by the rate of inflation, but that there would be a review. I welcome that review of alcohol duties. When I was selected for Manchester, Blackley, because of the boundary changes, it took me a little while to realise that I had gained two breweries and a prison.

Employment in the prison is fairly secure—although one might wish that it did not have to be. However, there is an increasing employment problem in breweries because of unfair competition, which the Chancellor recognised. The problem is not just individuals going across the channel, but businesses employing people to go and bring back duty-free beer and wine to sell unlawfully in unlicensed premises. We might expect that to affect employment in Dover, on the south coast or near ports, but it is also affecting employment in the retail industry elsewhere. One pub near my constituency has had to close because of the competition from an illegal seller of liquor brought from across the channel.

Something has to be done about that. I do not criticise the police for not putting all their resources into chasing those who have brought over liquor for retail rather than for personal consumption. If the police know about it, they will do something about it, but they have other priorities and I cannot ask them to make that the top priority. However, the review announced by my right hon. Friend is welcome because there is a long-term difficulty. The amount of taxation on cigarettes that is lost is estimated at more than £1 billion. I suspect that the figure for alcohol is not dissimilar.

Like many Labour Members, I have argued for a long time that it is better to tax pleasant consumption such as alcohol rather than to tax people directly. However, if that tax is inefficient and if keeping it high is putting people out of work here in favour of employment on the French coast, the problem needs to be examined in detail. In the increasingly global economy in which the transportation of people and goods is ever easier, there will be more examples in future than just tobacco and alcohol.

I welcome my right hon. Friend's Budget and support the Bill. It is excellent news for people in the inner-city areas and the other parts of my constituency.

8.22 pm

Mr. Michael Fabricant (Lichfield): I am grateful to have caught your eye at this late moment, Mr. Deputy Speaker. I have been trying to participate in this debate, but I had understood that there was a surplus of people wishing to take part. Having been a parliamentary private secretary at the Treasury for a year and a half before the election, I am glad to be able to contribute to the debate.

Mr. Boswell: Does my hon. Friend feel that his difficulties in getting in because of the move from surplus to deficit underline the problems of economic management encountered by anyone on any Bench?

Mr. Fabricant: My hon. Friend puts his point rather well in his own way. The lack of people in the Chamber today demonstrates the disappointment that there has been about the Budget. The whole Budget has been rather

[Mr. Fabricant]

gimmicky. We do not have a Red Book any more—it is a white book with pretty pictures. The title of the Red Book is "Equipping Britain for our long-term Future."

Mr. Tim Loughton (East Worthing and Shoreham): An omission statement.

Mr. Fabricant: As I hope to point out, it is not a mission statement and nor does it deal with the long-term future.

Mr. Loughton: An omission statement.

Mr. Fabricant: As my hon. Friend says, it is an omission statement.

The Budget has been filled with gimmicks from beginning to end. We have heard about Freepost Budget 97. I shall table a question to discover how much that will cost the Exchequer. The gimmicky regime was established by the Chancellor's decision not to turn up with top hat, white tie and tails—let alone Ginger Rogers—for the Mansion House speech. One could argue that that was quite a discourtesy to his hosts.

I welcome some aspects of the Budget, such as the 2 per cent. cut in corporation tax and the increase in first-year capital allowances. I particularly welcome the measures to improve the prospects of the United Kingdom film industry. Too often, Governments from both parties have forgotten the importance of the film industry to the United Kingdom as a dollar earner. In the United States, the film industry is reckoned to be the biggest export earner—bigger now than the aerospace industry, which is the second biggest.

However, the Budget is not for the long term, but for the short term. The changes in corporation tax capital allowances and advance corporation tax will shift investment away from industry in the United Kingdom towards overseas equities and property in the United Kingdom—a policy which is not green and will not help British industry.

The Chancellor's abdication of responsibility for interest rates has resulted in another interest rate rise today. Over the past year and a half, when he was the shadow of my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), the current Chancellor argued consistently that if interest rates were not raised there would be increases in unemployment and inflation. Six or seven times, he called for a rise in interest rates and my right hon. and learned Friend resisted. Did we see a rise in unemployment levels? No. We saw instead that the present Chancellor's judgment was wrong. Did we see a rise in inflation? No. Instead, we saw that the judgment of the present Chancellor was wrong. That demonstrates the weakness of his argument then and now.

The Chancellor clearly has doubts about his own judgment. As soon as he became Chancellor, rather than taking responsibility for interest rates he gave that responsibility to the Bank of England. Much though I like and respect Eddie George, he is no Governor of the Federal Reserve—he is no Alan Greenspan. Mr. Greenspan, who has such independence, has shown judgment over many years, giving strength to the dollar. The difference is not just one of personality and experience, but of definition between the responsibilities given by the President of the United States to the Federal Reserve and those given by the Chancellor of the Exchequer to the Governor of the Bank of England. Mr. Greenspan has been given the authority to consider the welfare of the whole United States economy—not just inflation, but growth as well. Eddie George, on the other hand, has been given a very narrow remit, being told to consider inflation alone. That is a fundamental weakness.

I know that it is not proper to give recommendations in the House about share purchases, but I shall give one. I know a printing firm in Rugeley—which is no longer in my constituency—which currently has a pretty low share value, but anyone buying shares in it now will get a good deal. In two, three or four years' time, the value of those shares will be much higher, because the company has stockpiled car bumper stickers reading "Don't blame me, I voted Tory". It may be a year or a year and a half before the effects of the Budget feed through into people's pockets, but they will, and the Labour party and the Chancellor of the Exchequer will regret having given independence to the Bank of England.

I asked the House of Commons Library for some information before today's interest rate rise of a further 0.25 per cent. was announced. Informed sources tell me that there is bound to be another increase. According to the Library, before the rate rise announced today, the average home would be incurring an extra tax, as it were—an extra Labour tax—of £120 per annum on the 0.5 per cent. increase since the last Budget.

I am sorry; that refers to the reduction of mortgage interest relief at source—MIRAS—to 10 per cent. In fact, the extra 0.5 per cent. has cost even more. It is equivalent to another £229 a month. In just eight weeks of Labour government, there has been a significant increase: £229 a month, plus that £120 per annum. That is just the beginning, however. It has all happened because of the Chancellor's abrogation of responsibility for interest rates.

Mr. Geoffrey Clifton-Brown (Cotswold): Has my hon. Friend noticed a further aspect of the Chancellor's abrogation of responsibility to the Governor of the Bank of England, as announced in the Mansion House speech? Whereas the last Government had an absolute inflation target of 2.5 per cent., the Chancellor has now given the Governor latitude to go up to 3.5 per cent. before he need explain himself. Might not the figure rise to 4.5 per cent. next year, and 5.5 per cent. the year after?

Mr. Fabricant: My hon. Friend makes a valid point. That target is as flexible as the Maastricht criteria for entry into economic and monetary union, and I believe that it will result in increased speculation on the value of the pound.

Before I became a Member of Parliament—and I only became a Member of Parliament in 1992—I was in business. I was a manufacturer involved in exporting, and I had to make judgments on the value of the pound. I exported into Europe, the far east and the United States of America. As someone who was not only an exporter but a manufacturer, I can say that the increase in the value of the pound will not help manufacturers and exporters.

In today's Treasury questions, the Chancellor seemed not to accept the existence of a close relationship between interest rates and the value of the pound. That demonstrates

either his deliberate lack of understanding of how the economy works, or the obtuseness that he and his leader, the Prime Minister, always seem to develop when they are asked pertinent questions.

Mr. Robert Syms (Poole): I thank my hon. Friend for allowing me to interrupt his eloquent speech. He mentioned higher interest and exchange rates. As one who represents a constituency in the midlands—which is a key area for manufacturing jobs—does he agree that, in the long term, this policy mix will lead to higher unemployment, lower production in manufacturing, fewer exports and a very unsatisfactory position for our national economy?

Mr. Fabricant: My hon. Friend is entirely right. He is a man of judgment. He used to be a builder—unlike Labour Members, who I suspect never genuinely earned a penny in their lives other than as researchers, failed polytechnic lecturers and social workers. My hon. Friend actually made things and his question contained an insight that demonstrates Conservative knowledge and the decisions that we would be making if we were in government.

What my hon. Friend did not mention, however, is that manufacturers in my constituency in the west midlands—and, indeed, in Poole—will find it difficult not only to export, but to invest. Cash flow is all-important to people who run businesses, especially small businesses. Although, as I said earlier, I welcome the 2 per cent. drop in corporation tax, I cannot welcome interest rate rises that will deter investment.

In *The Gazette*—the publication of The John Lewis Partnership—Mr. Brian O'Callaghan, the director of trading of the department store division, was quoted as saying in his report to the chairman on 18 June:

"at week 17 we were cumulatively 9.5 per cent. ahead of last year and 2.8 per cent. ahead of estimate . . . Hard furnishings emerged as the directorate with . . . the fastest rate of growth".

That demonstrates that people are currently investing in what could be described, from an individual's point of view, as capital items—furnishings, white goods, and so forth. That must be encouraging. The John Lewis Partnership, for example, is keen to sell British products.

It must be said, however, that that, too, will be affected by the increase in interest rates. It will dampen the house market. People will say, "I am afraid that we must conserve our income." People out there are not fools. If, after just two months, a Labour Government can cause such damage in a Budget, what on earth will they do in their next Budget?

I was amused earlier today when, in Treasury questions, the Treasury team was asked whether it would produce the Green Paper in which, before the election, it had promised to discuss the environmental impact of the Budget. What was the answer? The answer was "No, we are not breaking our election promises. We will publish the Green Paper on the Budget when we have a real Budget. We will publish it when we have the main Budget, in April. The Budget that we have just had was just a temporary, emergency Budget."

My God! If this Budget, given all the damage that it will do to the economy in the long term—thrusting investment into overseas equities, thrusting investment into property in London and elsewhere, thrusting investment away from local manufacturing and damaging manufacturing in the ways that I have described—is just a short-term emergency Budget, what on earth will the real Budget do in April?

Mr. Syms: My hon. Friend mentioned interest rates. It is clear that higher interest rates will have a bad effect on local authorities, because they are major holders of public debt, and many are already at their capping limit. There will be a huge impact on the provision of services. Combined with pension costs—many local authorities will have to spend further millions of pounds to cover the pensions of their employees—will not the higher rates have a detrimental effect on the provision of police and fire services, schools, social services and all the other important services that we all care about?

Mr. Fabricant: My hon. Friend is right. Yesterday, Staffordshire Members of Parliament—Labour and Conservative—had a meeting with their Labour-controlled county council. I asked the county treasurer whether any provision had been made for the pension scheme. Was the Prime Minister right in saying that the Budget would have no effect on pension schemes? Was he right in saying that the effect was incalculable?

Next year, £1.5 million will be taken out of Staffordshire county council's budget. It will be taken out of the budget for education or roads—otherwise, council tax will have to be put up, because of the effect on pension schemes. Is Staffordshire county council one of the biggest county councils? No. It does not even include Stoke-on-Trent any more; it is a unitary authority. It is one of the smaller county councils.

I wonder whether some of the Labour Members who are sitting over there looking smug have asked their county treasurers the same question. I invite them to intervene in my speech. Has any Labour Member asked his or her county treasurer what impact the Budget and the changes in ACT will have on their spending plans? Either Labour Members did not ask the question or, worse, they asked it, got a bad answer and, being in fear of Mandelson Towers, they are unable to intervene.

It is a time-bomb Budget. At first, even I was dazzled by it. I sat there thinking that it did not seem too bad. After all, it produced a decrease in corporation tax—I could not argue with that—and an increase in capital allowances in the first year. My hon. Friend the Member for Macclesfield (Mr. Winterton) and I have always argued for that. It then went into a number of complications which bemused and bedazzled Members on both sides of the House. However, it took just one day for *The Economist* to produce a front cover showing a glowering iron Chancellor and the headline, "A disappointing start".

I advise you, Mr. Deputy Speaker, to buy those shares in the printing firm that I mentioned. Anyone who buys shares in a printing firm that produces the bumper sticker, "Don't blame me, I voted Tory" will find that commodity in great demand not next month, not in six months' time, but, mark my words, in a year or a year and a half from now.

8.40 pm

Mr. Gareth Thomas (Clwyd, West): I welcome the Finance Bill and I congratulate my right hon. Friend the Chancellor. In marked contrast to Budgets produced by the previous Government, it is long term in its vision. I commend that long-termism. The Budget is long term in respect of growth and stability, reducing high unemployment, tackling inflation and, perhaps most significantly, in its approach to the environment. After all, what can be more long term than the environment and the conserving the finite resources of the planet?

[Mr. Gareth Thomas]

The Budget has at its heart a strategic approach to sustainable environmental policy. A few years ago, the Rio conference defined sustainability as the necessity for the present generation to fulfil its needs from this planet without undermining or prejudicing the needs of future generations. That is long-termism in a deep sense.

The Budget contains green measures. I agree with my hon. Friend the Member for Manchester, Blackley (Mr. Stringer) that we must take a cautious approach to green taxes and that we must be mindful of long-term side effects, in particular the social costs of green taxes; however, the Budget contains a number of judicious measures that auger well for the future.

Mr. Loughton: The hon. Gentleman referred to green taxes. If the Budget was such a triumph of greenism, can he explain why Greenpeace and other environmental agencies described it as disappointing at best and why the following day one of the biggest movers on the stock market was the oil sector, which might not have been expected to benefit from such a hike in effective taxes on oil? How does the hon. Gentleman explain that?

Mr. Thomas: The Budget had all the hallmarks of statesmanship, and statesmanship requires drawing a balance between the need for an effective, competitive economy and the long-term effects on the environment.

I shall now focus on specific measures that may interest the hon. Gentleman and are of particular relevance to my constituency where mineral extraction forms an important part of the economic infrastructure. Mineral extraction, quarrying and the dredging of aggregates have a damaging impact on the environment. I welcome the provisions in the Finance Bill for a full evaluation of the environmental costs of quarrying. My constituents who live in the village of Eryrys near the quarry of Pant-y-Gwylanod will welcome the Government's declared strategic intention for the tax system to reflect the environmental impact of quarrying.

My constituents will also welcome the Government's commitment to research the costs involved and the environmental impact of water pollution. It seems eminently sensible that there should be further work to devise a regime whereby the polluter will have to pay. A great body of opinion would like policy to move in that direction.

The increase in the duty on road fuel of 6 per cent., in line with inflation, will help us achieve our international obligations to conform with the target of reducing CO_2 emissions by 2010. That measure also has a great deal of support in the country.

I welcome the reduction in vehicle excise duty for lorries with clean exhausts—those that do not pollute the environment with hot air. The hon. Member for Lichfield (Mr. Fabricant) may be interested in that. The Government intend to extend that indulgence to buses. That can only improve the quality of public transport and the local environment.

Mr. Clifton-Brown: Does the hon. Gentleman really think that any of the measures in the Budget will help us meet the international targets to which the Government are committed? Surely the 6 per cent. real duty on petrol will simply put the poorest people in rural areas at a complete disadvantage while relatively wealthy people will continue to use their cars.

Mr. Thomas: As I said earlier, the Bill has taken a judicious approach. It sends clear signals that environmental bads will be the subject of separate tax regimes, and in the long term it is possible that the tax system will encourage environmental goods. It is eminently sensible and it is what the country wants. We all have a stake in our environment. Nothing can be more long term than the Budget's approach to the environment.

Mr. Fabricant *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Has the hon. Gentleman finished his speech or is he giving way?

Mr. Thomas: I have finished my speech.

Mr. Deputy Speaker: That is what I understood.

8.47 pm

Mr. Tim Loughton (East Worthing and Shoreham): After all the hours that I have spent listening to the debate on the Budget and the Finance Bill, both in the Chamber and in my office, it is clear that the Budget lends itself to a great deal of metaphor and analogy. For me, the best analogy is a cake—a large cake, liberally deluged with bucketfuls of rich, squidgy chocolate fudge. On first sight, it provokes applause and slavering on the Government Benches, but it will bring only regret later, even to those who have sampled just a modest slice. It is a veritable death by chocolate fudge. It is a cake that we are told that we can have and eat as well. We have been treated to some extraordinary sights by the new proprietors of the cake shop on the Labour Benches who are churning out fudge.

We have been told that the abolition of advance corporation tax is so harmless that no one will suffer. It is so harmless that, in fact, as we were told by an hon. Member yesterday, no one understands—least of all Labour Members, who are not even able to spell it—that the effect on local authorities will be considered but that the shortfall will not necessarily be made up. Fudge and no fudge.

We were promised a Budget that rewards long-term investment, but the irony is that pension funds have been pilfered in the short term for short-term gain, so that prospective pensioners will face long-term pain from the holes in their pension funds when they need to draw on them when they come to retire. Fudge today, gone tomorrow.

Surely the most extraordinary sight of all over the past week has been that of the Chief Secretary to the Treasury, who last week and again today in Treasury Questions said—it was repeated by the Prime Minister yesterday—that the Government have measured the claimed success of their debut Budget by its effect on the stock market. Who would credit it, least of all those in the City? Perhaps I should at this point declare an interest as a director of a fund management company for some years.

We are now faced with the sight of new Labour, new stockbrokers' friend. I presume that the rather sparse turnout on the Labour Benches for this debate is due to

the fact that the City is empty because many have gone to Hyde park and Labour Members have flooded to tailors in the City to be kitted out in the loudest chalk stripes and pinstripes going. I confidently predict that, in a matter of weeks, the little pink ribbons attached to our coat-hangers in the cloakrooms downstairs will be a sea of City bowlers as the new stockbrokers' friends on the Labour Benches claim their places.

Let us indulge ourselves for a few minutes, play the Government's game and consider what the stock market has done over the past eight days between the Budget and the close of business today. Let us look at what that temple of Mammon, as the Labour party would have us know the City, has done since Labour's first Budget. Despite all the hype, the *Financial Times* all-share index has gone up by 0.26 per cent. since the close of business the day before the Budget. That is not terribly impressive, but it has gone up all the same.

Let us look at some of the biggest losers. The biggest fall on the stock market over the past eight days has been in shares in the engineering sector, which have fallen by more than 5.5 per cent. Is that any surprise when we read the headline in the *Financial Times*—we know that everything in the *Financial Times* must be true if it has anything to do with the Government—

"Strong pound hits manufacturing

Biggest monthly fall in engineering output for a decade".

Mr. Syms: My hon. Friend has raised an interesting point. We had a rise in interest rates today, yet a fall in manufacturing the day before yesterday. Is not that a very bad policy mix? Is not that very bad news for anyone looking forward to a future of high employment?

Mr. Loughton: I bow to my hon. Friend's greater expertise as somebody who has been involved in manufacturing for many years. He is absolutely right. The complete failure of a selective fiscal tightening in the Budget has had a direct impact on the value of the pound. We have seen sterling soar in the recent past. In fact, in the past eight days since the Budget, the sterling trade-weighted index has risen by no less than 2.5 per cent. As my hon. Friend says, interest rates have gone up again today—the third increase since the Government came to power and the third increase in less than three months. Today has seen another piecemeal increase yet we know that piecemeal increases are not enough, as the City will tell us tomorrow.

Mr. Geraint Davies (Croydon, Central): Is not the level of the exchange rate linked first to the phasing of the British economy's growth cycle vis-à-vis the German one, when we are at a peak and they are in a trough, and secondly to the sentiment of the market with respect to whether a single currency will go ahead on 1 January 1999, considering that the convergence criteria may not be met, especially by Spain and Italy? Those are the informed views in the market. It is not what you say about the Budget somehow impacting on exchange rates. It has not impacted significantly on exchange rates. I put it to you that manufacturing is being hit slightly as a result of the exchange rate, but that has nothing to do with the Budget. The Budget was about setting the parameters for stable inflation to ensure stable exchange rates for the sustainable future. We can actually have profitability. What you are saying is complete and utter rubbish.

Mr. Deputy Speaker: Order. I remind the hon. Member that he is addressing the Chair when referring to "you" and not the hon. Member for East Worthing and Shoreham (Mr. Loughton).

Mr. Loughton: I am grateful to you, Mr. Deputy Speaker, for intervening on the gushing new stockbrokers on the Labour Benches. I fear—although I do not know the hon. Gentleman's background—that he is talking complete and utter claptrap. Sterling is approaching a crisis of inverse proportions. A sterling crisis when sterling goes up can be just as harmful, if not more harmful, to British industry.

The reason why sterling has been shooting up in the past couple of weeks is that the City and the speculators have this Government sussed. They know that the Government will have to put up interest rates. The City, the experts and the professionals, whom the Opposition ranks are queuing up to join, know that the Government have abandoned so early in their governance a tight inflation policy. What does that lead to? It inevitably leads to higher interest rates. One does not have to be a Mr. Soros to work things out. They have got the Government sussed. It is a one-way ticket and that is why sterling is going up.

Mr. Geraint Davies *rose—*

Mr. Loughton: I should like to continue. We do not want another lengthy intervention.

The intervention of the hon. Member for Croydon, Central (Mr. Davies) is endemic of the new ethos that the Government have tried to thrust on us: "Not me, guv. it's the Bank of England." Within days of coming to power, they handed over control of monetary policy. They said, "We think that you can disentangle monetary policy from fiscal policy, so don't blame us—it is down to Eddie George and the Bank of England." That is the point that the hon. Gentleman was trying to make.

Time and again at Treasury Question Time this afternoon, colleagues of the hon. Member for Croydon, Central reinforced the dramatic impact of the exchange rate on British industries in many depressed areas and in many strong Labour seats. The hon. Gentleman's hon. friends know them well. For example, 60 per cent. of British Steel's trading profits are sensitive to movements of the Deutschmark and pound exchange rate. The appreciation of the pound by more than 10 per cent. against the Deutschmark over the past six months has blown an enormous hole in the budgeting and economies of such companies. Pilkington plc is another large UK employer and former FTSE company, and more than 70 per cent. of its trading profits are sensitive to the deutschmark exchange rate. Such companies will be crucified.

Mr. Fabricant: Will my hon. Friend join me in paying tribute to the hon. Members for Rotherham (Mr. MacShane) and for Alyn and Deeside (Mr. Jones) who today said that the increase in interest rates and the

[Mr. Fabricant]

increase in the value of the pound—solely arising from the abrogation of responsibility by the Chancellor—were damaging the steel industry in their constituencies?

Mr. Deputy Speaker: Order. I remind the hon. Gentleman that he must address the Chair.

Mr. Loughton: I am grateful to my hon. Friend for that point. The two hon. Gentlemen that he mentioned are forthright and honest, and I hope that the Treasury team will listen to them. I know Rotherham well and I know its dependency on steel manufacturing and heavy capital goods industries. Those are exactly the businesses that are suffering badly and will continue to do so as we increasingly approach a sterling crisis for which the Government must take responsibility. They cannot shrug their shoulders and take the "not me, guv" approach that we have seen so far.

What have we seen? The pound goes higher, exports go down and the Budget predicts that export levels will decrease next year and the year after. Inversely, the import levels are predicted to increase next year and the year after, which is a serious recipe for inflationary pressures and therefore for further interest rate rises. Exports will continue to suffer because the pound is high, and industry's borrowing costs will continue to go up. That is a treble whammy for British industry.

Mr. Tony McWalter (Hemel Hempstead): Since you mentioned fiscal tightening, will you explain to us—I am sorry, Mr. Deputy Speaker—will the hon. Gentleman explain exactly the level of income tax rise that he wanted to see? Would he have raised the standard rate of income tax by 1p, 2p or 3p? That is the implicit message that he is giving the House.

Mr. Loughton: I am sure that if the hon. Gentleman wished to address his question to you, Mr. Deputy Speaker, you are as capable as I am of giving the fundamental lesson in economics to Labour Members that they so desperately need. I shall come on to the subject of personal taxes a little later, if I may continue without being interrupted.

Mrs. Liddell: Will the hon. Gentleman give way?

Mr. Loughton: For the last time.

Mrs. Liddell: That is very gracious of the hon. Gentleman. When he comes on to the subject of personal taxation, and given that he has been following the debates on the Budget so closely, will he give us his view on the point made by the hon. Member for Grantham and Stamford (Mr. Davies) in his lengthy contribution?

Mr. Loughton: I shall be delighted to deal with that point later, and also with the Economic Secretary's performance at the unit trust dinner in the City last night. Apparently, she alienated no fewer than 1,500 fund managers with a Ladybird-book ABC version of how the City works. If that is the calibre of economic management and understanding of how the City works to which the new Government are going to treat us, I fear that they misunderstand basic economics and the City's role as a major fund earner and manager for the country.

If I may continue, I can tell the House that I understand the problem that exporters face from my experience in my constituency. One of the major employers is SmithKline Beecham and another is Edward High Vacuum, which is one of the most profitable parts of the BOC Group, a major FTSE company. Another is Ricardo Engineering which is a major listed company. All those companies export the majority of their products and they are all suffering. They constantly tell me about the pain they will continue to suffer and the Government's "not me, guv" attitude is no recompense for them.

On a more cheery note, what went up in the stock market? The Government want us to believe that the stock market is jolly and everything in the garden is rosy. One of the sectors that has seen the biggest rises in the past eight days is the property sector. Yet the Budget was meant to put a cap on the speculation and short-termism that afflicted the property market, so we are told, in the 1980s. That is why the Government tinkered with MIRAS and why we had the grand gestures on stamp duty. What effect have those changes had? Property shares have rocketed and property prices are going up. Why? The answer is simple. The Government hoped that most people would understand the changes to ACT, but if a fund manager invests in equities and will lose the ACT credit, he will look around for other forms of investment. At the moment, the commercial property market is yielding in excess of 7.5 per cent., without the downside of ACT. Surprise, surprise, property prices will go further through the roof and that has been reflected early by the rise in the property sector on the stock market. That is another inverse reaction compared with what the Budget, or so we were led to believe, was supposed to achieve.

Mr. Syms: Some 55 per cent. of the value of pension funds is invested in UK equities, and the change in the tax regime will inflict a body blow on those pensions. Does my hon. Friend believe that this will mean greater investment not only in property, but in foreign equities and economies?

Mr. Loughton: I am grateful to my hon. Friend for hurrying me along to a point that I intended to make and to which I shall come shortly.

I wanted to deal with one of the Government's favourite bêtes noires—as far as the rest of the House is concerned—the windfall tax. The utilities sector has gone up in the stock market, which is not what one might have expected. But it has lagged behind the rest of the stock market for many months because of the threat of the windfall tax. It has gone up by 1.8 per cent. If the utility companies have been so despicable, evil, fat-cattish and exploitative in wanting to grab higher charges from the consumer, why are the Government not instructing those companies to give back the equivalent of the windfall tax to the users of electricity, water and other utilities? Surely that would be much fairer than grabbing it for themselves for their own pet projects where, as we know, it will be wasted.

One has to query whether the Government trust the regulators, whose appointment they were happy to go along with. The whole point of having regulators to

regulate monopoly or near-monopoly utilities is that they are the ultimate arbiters to set fair prices for the consumers. As the rug has been pulled from under the feet of those appointed regulators, are we going to see a swathe of sackings among them in the next few weeks?

In the year 2000—when many of the electricity companies must renegotiate the prices they will be allowed to charge consumers—a key criterion within that policy will be the level of borrowing. Many of the electricity companies do not have large pots of ready cash, and will have to increase their borrowings to pay the windfall tax. That will be a part of the consideration when prices are considered. QED—it does not take a mastermind to work out that prices, and the consumer, will suffer yet again.

Another point that the shadow Chancellor, my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), has made on a number of occasions is that if the Government accept that bringing in the welfare-to-work scheme to create false jobs with subsidies will work, they must equally accept that loading businesses with the type of social contract implicit in the social chapter can only destroy jobs. The Government have been quiet on considering the other side of the coin.

We must consider briefly two more sectors. Another strong mover in the stock market in the past eight days has been the alcoholic beverage sector—the sparsity of Labour Members in the Chamber today may account for the strong performance of that sector—yet we were promised that the Budget would give careful consideration to alcohol duties. The preamble to the Budget raved about alcopops, and yet one of the biggest movers on the stock market has been the alcoholic beverages sector.

I am delighted that Labour Members are listening so intently to this pep-talk on how the stock market works, because they are obviously interested in entering that circle. Only this afternoon, the Chancellor claimed that he had cooled down consumer demand.

Mrs. Liddell: Will the hon. Gentleman give way?

Mr. Loughton: Yet again, I shall give way graciously.

Mrs. Liddell: The hon. Gentleman seems to be getting near to his wind-up. We have asked on two occasions for him to give his views on personal taxation. I specifically asked him if he would give us his view on the points raised by his hon. Friend the Member for Grantham and Stamford (Mr. Davies) and those of other hon. Members who referred to personal taxation. Which aspect does he agree with?

Mr. Loughton: I am grateful for yet another intervention from the hon. Lady. My hon. Friend the Member for Grantham and Stamford (Mr. Davies) went on at length because, having experience in the City, he knows the subject well. I watched most of his long speech on television intently, after the news bulletin. The hon. Lady may be referring to the fact that he advocated that the Government should abolish mortgage interest relief altogether. That is not a view I share. My hon. Friend is not a member of the Front-Bench team and is not in a position to advocate such personal tax changes.

The final sector of the stock market about which I want to inform Labour Members is retailing. This afternoon, the Chancellor informed us that he had cooled down consumer demand through personal taxes the like of which the hon. Lady might have been alluding to. Yet shares in some retailers have risen by 11.5 per cent. on the stock market in the past eight days. The key retailer, Dixons, announced yesterday that like-for-like sales of clever, foreign, imported, wide-screen gizmos were up by no less than 17 per cent.—yet another recipe for disaster for the import-export bill, inflation rates and, therefore, for what will have to happen to interest rates.

Mr. Syms: Does my hon. Friend agree that the high exchange rate will also help to feed the domestic boom in the high street because it will reduce the cost of many of the goods that people want to buy? That boom will become a major burden on our balance of payments and will continue to unbalance the United Kingdom economy.

Mr. Loughton: Of course, my hon. Friend is right. That is the thrust of what I have been trying to say. What was supposed to be a balanced and measured Budget has had completely the reverse effect. Judging from the reaction of Labour Members, I take it that they no longer want the flourishing or otherwise of the stock market to be their benchmark for the cleverness of the financial measures that they are proposing. So, will they listen to the stock market in future or not?

Another article in the *Financial Times*—that paragon of truth and leaked virtue—today, which was mentioned at Treasury Question Time states:

"Cabinet set for U-turn on foreign dividends."

We have sort of been assured that there is no U-turn. If the Economic Secretary to the Treasury would like to intervene, I should be delighted for an answer on that one. Last Friday, the same publication showed that abolishing FIDs, foreign income dividends—another tricky speller—purely creates an irrecoverable tax charge unless companies are

"mainly owned by foreign shareholders",

as the Budget red-white pretty-picture book put it the other day. That has two implications. As a leading FTSE company, RTZ, advocated last week, a company can either change its domicile overseas to somewhere like Bermuda or it can become the subject of a foreign takeover. Perhaps the hon. Lady would like to inform me. Is she encouraging British, blue-chip FTSE companies to change their domicile and taxation status to Bermuda or would she like them all to be taken over by foreign companies? I am genuinely interested to know because that is the implication of what the Government are advocating.

In conclusion—[*Interruption.*] and in response to the troop of morris dancers behind me, I must briefly return to advance corporation tax and the pension funds, which my hon. Friends have mentioned many times. Every time that we mention ACT and its effect on local authority pension funds, we are told, "What a cheek the Tories mentioning local authorities." It is not a cheek that I am concerned about my county of West Sussex, where the changes to ACT will create a black hole of up to £4 million.

What would the Government suggest to those Conservative councillors who have recently taken back control, have returned serious amounts of money from the bureaucrats in county hall to the schools and overturned a ruling that would have slashed lollipop ladies' pay? Where would the Government make the savings?

[Mr. Loughton]

West Sussex has the most pensioner private medical insurance schemes in the country. In the borough of Worthing alone, more than 1,000 people over the age of 60 are insured with BUPA. That is not a small number of people. Many people have come to me during the general election campaign and since saying that they will not be able to afford private medical insurance if the changes go through. That is in an area that, under the Government's formula, both before and after the general election, comes 98th out of 99 in the list of underfunded health authorities.

That is yet another example of how political spite would rather increase the waiting lists—just as, with the assisted places scheme, it would rather increase the numbers in the classrooms—than allow people the freedom to spend their money as they choose and save money for the national purse.

The Budget is a terrible case of attempted deception—of having one's cake and eating it. It is not good enough for the Government again and again simply to shrug their shoulders, say "Not me, Guv", and point the finger at the Bank of England to take responsibility when anything goes wrong. Ironically, the Budget represents a triumph of short-termism. Alas, when the real damage becomes clear to my constituents, they will be too old and it will be too late. I, for one, will continue to oppose the Finance Bill with vigour.

9.15 pm

Mr. Ross Cranston (Dudley, North): I have only five minutes to address the House, so I shall identify only a few points. When the right hon. Member for Wells (Mr. Heathcoat-Amory) opened the debate for the Opposition, I was unsure what their view of the windfall tax was and whether they still objected to it. Certainly, we have a mandate for it, and it is generally accepted. The other day, BG said:

"We are not now predisposed to challenge a tax for which the Government has a popular mandate."

If Conservative Members want to go back in time in relation to the windfall tax, they must examine carefully their own policies which led to lax price controls on the utilities. That was an important element in our thinking. One estimate is that operating profits in the utilities in the period 1991–92 to 1992–93 rose by about 48 per cent. Customers paid a high price for Conservative laxity. I welcome the windfall tax, which redresses an injustice.

I hope that in her review of utility regulation my right hon. Friend the President of the Board of Trade will ensure that the utility companies do not pass on the effects of the tax in price increases. My right hon. Friend the Chancellor told the House the other day that he thought that that could be ensured, and I agree: consumers should not end up paying twice over for the behaviour of the utility companies. In Committee, we can discuss matters such as the formula for calculating the rates, but I shall pass over that at this point.

Conservative Members do not seem to take social justice into account. We heard earlier about the withdrawal of relief on medical insurance premiums. When that relief was introduced in 1991, it did not have the predicted effect and did not induce more people to take out medical insurance. The result is that our change is not the mean measure that some Opposition Members have described but a recognition of the fact that it is better to benefit the many rather than the few.

Labour Members were interested by the remarks of the hon. Member for Grantham and Stamford (Mr. Davies), who suggested that mortgage interest relief should go completely, a sentiment with which I have some sympathy. It is an untargeted subsidy. While there is a case for some sort of mortgage subsidy, it should be more equitable.

Finally, I mention the encouragement that the Finance Bill provides through the reduction of corporation tax and the provisions for capital allowances. That is one aspect of the Chancellor's strategy to promote long-term growth. I am especially pleased with the provisions on films, which are in line with the recommendations of the Middleton committee and should enhance our position as a leading film-making centre.

9.20 pm

Mr. Tim Boswell (Daventry): This has been an interesting and good-natured debate enlivened by four remarkably good maiden speeches. The hon. Member for Bexleyheath and Crayford (Mr. Beard) spoke, as did all the maiden speakers, with dignity and courtesy of his predecessors. He also spoke eloquently about skills and his concern for small businesses, points that I was pleased to hear from a Labour Member.

The hon. Member for Upminster (Mr. Darvill) introduced hon. Members to—or in my case, because I was born in Brentwood, reminded me of—the area around Harold Hill. We were touched by his remarks. The hon. Member for Morecambe and Lunesdale (Miss Smith) introduced us to her superb constituency. My hon. Friend the Member for North Shropshire (Mr. Paterson), in a remarkably literate speech, brought in references to Caractacus and several ancient texts, as well as talking perceptively about modern manufacturing industry.

As time is short, I shall not mention all the other contributions, but I must mention the robust criticisms of my hon. Friends the Members for East Yorkshire (Mr. Townend) and for Grantham and Stamford (Mr. Davies), although not everything that the latter says commends itself to the Opposition Front-Bench team. My hon. Friend the Member for Chelmsford, West (Mr. Burns) made a forceful contribution on a narrow but important point about care provision. I hope that Treasury Ministers noted it.

My hon. Friends the Members for Lichfield (Mr. Fabricant) and for East Worthing and Shoreham (Mr. Loughton) also made interesting contributions, not exclusively but largely, centred on the importance of manufacturing industry. They were right to flag up their concerns, which are felt throughout the House by hon. Members who, like me, will keep a close eye on the engineering industry and the implications of the exchange rate for manufacturing industry. That was an important sub-theme of the debate.

In a bipartisan spirit, I should mention the speech of the hon. Member for Eastwood (Mr. Murphy), to which I attended carefully because we used to meet across the student table, as it were. I was interested that he began to invite the Government to tease out some of the details of the welfare-to-work programme. He and the Government will find that matters such as the 16-hour rule are not without complexity.

We are beginning to reach the end of the set-piece Budget and post-Budget debates. We are moving, and some of us are now ready to move, to detailed consideration. It is already clear to Conservative Members that the Chancellor's glitzy presentation—popular versions, Internet and all—has been found out. The Budget is coming to pieces in front of us.

To return to first principles, why are we having a Budget at all? There would have been no Conservative Budget. We do not need one. There is one only because a new Labour Government has been elected on a Labour manifesto. I concede that that manifesto gives them the authority and mandate to implement the windfall tax and the welfare-to-work proposals. Before the election, we did not have all the details that we have now because the Labour party would not tell us too much about their proposals. Even on Budget day, we did not have the details that we have now because even the details in the draft Finance Bill had already been rescinded by Friday last. One remembers how compressed the timetable is.

On Friday, the Paymaster General announced that an amendment would be tabled to a Bill which had not yet been printed. The amendment was described by him as a small matter to ensure that the

"legislation does not inadvertently take into account profits that arose while companies were in the public sector, in circumstances where profits for the financial year straddling flotation have to be apportioned. It is quite clear what is intended."—[*Official Report*, 4 July 1997; Vol. 297, c. 586.]

I find that somewhat doubtful. It may be clear to some of the sharper of my hon. Friends, but it does not appear to have been clear to the Paymaster General or to the Government when they announced their proposals. Perhaps he knows now, and will explain it in Committee.

This afternoon, the Leader of the House suggested that the draft Bill published on the Friday of the debate was some sort of consultative activity and that that discharged her responsibilities to provide a reasonable timetable. Communications may be slow in my part of the world, and I apologise for not being connected to the Internet yet, but many of us did not get on with scrutinising the Bill until Monday. That is reflected in the relative speed of response of the professional bodies.

It is also worth recording another bit of news from last Friday. The Paymaster General thoroughly got the wind up about the implications of his proposals on foreign income dividends for business location in Britain. It appears—I rely on the *Financial Times*, from which I get my Budget these days—that one telephone call from RTZ was enough to blow him away in a puff of wind. There is an important point here which reads across to ACT. The point that companies with substantial foreign interests made on foreign income dividends—whatever proposals the Government come up with—was that they objected to being taxed both in the country of origin and here. That is exactly the same point, although slightly differently made, as we make about ACT. Two days and two rethinks. That is perhaps not too bad when we did not need a Budget at all.

I come now to talk a little more about the windfall tax and its implications for the ordinary taxpayer, which are becoming increasingly and alarmingly apparent. The economic problem with the tax is, as we all know, that it claims to build a continuing structure for labour market policy on a one-off tax. The fairness problem is that it chases fat cats who may well have left the scene as long as 13 years ago. The reality problem is that it hits companies that have, taken together, many millions of shareholders, and even more stakeholders through pension funds' and insurance companies' investments in them. Indeed, the bulk of their beneficial owners are pensioners.

I was interested in the remarks made yesterday and again today by the Chief Secretary. He suggested that the Opposition had pulled in their ardour in criticising the windfall tax. That is not so. We were entitled to assume from the assurances given by Labour before the election in its manifesto that the windfall tax was the only tax increase that a Labour Government would impose. So it is hardly surprising that we had a good deal to say about it. Now, after the election, we all know better. We have heard since then of 17 Labour tax rises and, above all, of the £5 billion annual hit on ACT. Alongside that, the one-off hit of £5 billion in windfall taxation almost pales into insignificance. Of course, both will end up being paid by much the same ordinary people whom the Chancellor claimed to befriend, and for whom he solemnly pledged not to increase taxes.

Before I deal with ACT in more detail, it is worth taking the time of the House to consider the overall impact of the Labour Government on such typical, ordinary people. Of course, not everyone is typical, but I hope that this will do.

A 30-year-old family man with a mortgage faces the need to pay approximately an extra £10 a month because of the change in MIRAS, plus an extra £25 because of three successive interest rate hikes. According to the estimate by the Association of Consulting Actuaries—I accept that the figures differ—he will also have to pay £12 extra a month to top up his pension. So far the total increase is running at £47 a month, but we must add the cost of second-round consequences, including the impact of pension changes on local authority pension costs and perhaps a couple of pounds a week for petrol. Even if he does not drink or smoke, he will then be paying an extra £50 a month or thereabouts. That does not look well, indeed it looks particularly bad for a Government who have pledged not to increase taxes.

One of my constituents, Mr. Morrison, recently told me in a letter:

"I phoned Mr. Brown prior to the election, concerning future fiscal policies. He informed me that no planned reduction in MIRAS would take place, and that I should look at the Labour Party Manifesto which did not include such measures."

Perhaps rather like one or two of the advertisements on the radio for financial institutions, my constituent should record his telephone calls to eliminate any possible confusion.

I must express my genuine personal disappointment at the absence of a proper green report with the Budget. That is another broken pledge. I know that the Financial Secretary said earlier today that one would be prepared for the next Budget, which rather sounds as though this Budget is not really important and is considered a second-class one. I hope that, when such a report comes out, the hon. Lady and her right hon. and hon. Friends will follow our precedent by balancing green taxes with other helpful tax reductions. One should have a balanced package.

I shall also refer to the comments I made during the debate on the Budget last week about the handling of these matters. I, too, utterly deprecate the Government's

[Mr. Tim Boswell]

wish to ram the Bill through with excess haste and their use of an unprecedented advance guillotine. I must ask whether they have something to hide. We on the Conservative Benches are determined, nevertheless, to expose the flaws in this decomposing and discredited Budget and Finance Bill.

We regret the arguments made by the Leader of the House at business questions today when she implied that the length of the Bill in column inches should, ipso factor, determine its time in Committee. By saying so she tried to play down the importance of the Bill, which, at the same time, her right hon. Friend the Chancellor has trumpeted.

Mr. Ivor Caplin (Hove): I wonder whether the hon. Gentleman could explain to me, a new Member of the House, why the same guillotine procedure was used 1993?

Mr. Boswell: I think that I am right to say that we did not move straight to impose a guillotine before consideration. The Labour party says that all its proposals are entirely clear, so I am surprised that they are only just becoming apparent now.

When it comes to pensions, the Government like to play it pianissimo. Perhaps that is the only tactic that they have left to erase the cheerful assertion by the Financial Secretary on Thursday, who said:

"The measure is good for pensions and pensioners, not bad for them . . . People should understand that our reforms will benefit pension funds."—[*Official Report*, 3 July 1997; Vol. 297, c. 507.]

To me, that reveals either disturbing self-delusion, a simple misunderstanding or a deep cynicism. It is rather like suggesting in the middle of world war two that innocent civilians should have been grateful for being subjected to saturation bombing. It is not so much new Labour as Newspeak.

The Government would do better to listen to the arguments than merely to assume that they have no problems. The Government would do better to listen to the experts and to give them time to consider the changes than to rush into something that they will learn to regret. After the debates on the Budget, do the Government really still believe that cancelling £5 billion of ACT credits for pension funds each year will have no effect on their ability to pay out pensions?

Each estimate varies, but it is interesting to consider those produced by Association of Consulting Actuaries, which summarises its conclusions as saying that the Budget could reduce investment and will reduce pensions for millions of people. It goes on to give illustrative figures which show that a person of 30 would face an effective reduction of 11 per cent., a person of 40 would face a reduction of 7 per cent. and a person of 50 would face a reduction of 4 per cent. I am relieved that those figures chime in with my own lay estimate of 5 to 15 per cent., which I offered at the House a week ago.

The Government's answer to those clear professional conclusions is to cast doubt on the soundness of the actuarial profession as if actuaries were fuddy-duddies who took no account of capital growth. The actuarial profession, not the Government, has the security and best interests of pensioners at heart.

I shall remind the House of some of the detailed implications of the measure. Local authority pension funds face a loss estimated to be £300 million. That will have direct implications either for council tax or for the need to top up from public spending through the revenue support grant. Some 6 million personal pension holders have no one but themselves to call on to replace the hole in their finances.

At business questions today, one of my hon. Friends reminded the House that there would be inevitable effects on our secretaries and staff. I should warn colleagues that it will not stop there. Civil servants and Members of the House with no formal fund do not automatically escape the consequences. In due course, in equity, our contributions should be aligned with those that others in the private sector would be expected to pay. As my hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) said yesterday, there are important implications for the interface between occupational pensions and SERPS. Are the Government prepared to adjust national insurance rebates to keep employees out of SERPS or would they rather that people opted back into SERPS? Would they be happy to do that when the Minister for Welfare Reform is determined to phase out the SERPS system? Would they be happy to have a major hole in the public finances?

I shall now come to the peroration. I would not dream of presuming to offer my own peroration, but sometimes people are so absorbed by the tax changes in the Budget speech that they do not notice the Chancellor's words in his peroration. I thought that his peroration was worth a touch more study by the House than it was perhaps given on Budget day itself.

The Chancellor spoke movingly and firmly of measures for stability, yet that was on a day when he had just announced measures—which were not well understood because their meaning was disguised—to destabilise pension funds. His measure would affect not just a handful of fat cats, but 15 million ordinary citizens. He spoke of investment, yet the double hits of the windfall tax affecting utilities and their shareholders—including pension funds and insurance companies—and of ACT operating directly on the value of dividends, take away the means for investment and may require companies to readjust their strategies. It was no accident that we introduced the partial imputation system in 1973—in fact, I was involved at the time. It was an attempt to produce a degree of equity in an area where, I concede, equity and precision are difficult to find owing to the different levels of the tax regime and tax rates. Taking away those means without consultation will be a major blow to investment, never mind the business consequences. If the measure is a blow for investment, it is equally a blow for employment opportunities.

The Chancellor also talked about the long-term interests of the many. I wonder why he did not say anything about the overall impact on prices, which was an additional 0.8 per cent. He did not say—neither did the Financial Secretary when I invited her to do so last week—that independent estimates by the Institute of Fiscal Studies on the overall impact of the measures suggest that the biggest percentage impact is on the lowest deciles of income. Therefore the Budget measures which had Labour Members waving their Order Papers, are ultimately regressive.

In a final flourish—I am sure that Labour Members will remember this—the Chancellor said:

"It is a people's Budget for Britain's future."—[*Official Report*, 2 July 1997; Vol. 297, c. 316.]

In fact, it is a Budget, and now a Finance Bill, seeking to enact measures not for the people but paid for by the people. It mortgages Britain's future and we shall oppose it.

9.39 pm

The Economic Secretary to the Treasury (Mrs. Helen Liddell): I am grateful for the opportunity to reply to the debate, which has been interesting in parts. It has sometimes seemed a little lonely in the Chamber given the emptiness of the Conservative Benches for much of the evening—*[Interruption.]* Conservative Members may think that that is rich coming from me, but I have been in the Chamber for all but quarter of an hour and many of them have hardly been here at all.

I, too, pay tribute to those hon. Members who have made their maiden speeches. My hon. Friend the Member for Bexleyheath and Crayford (Mr. Beard) made a considered maiden speech. Taking into account his distinguished career, it was a speech of great modesty and humility. The House could learn much from what he said. There are some hon. Members who spoke later in the debate who could have learnt a lot from the demeanour of my hon. Friend.

We heard also from my hon. Friend the Member for Upminster (Mr. Darvill). I have never visited Upminster, but, having heard his gracious recognition of his predecessor and his committed description of his constituency, I will make a point of visiting Upminster at some time.

My hon. Friend the Member for Morecambe and Lunesdale (Miss Smith) made a speech which revealed to the House why she was the recipient of a 16 per cent. swing from Conservative to Labour. It was an outstanding speech by a young Member who I know will make a tremendous contribution to the House.

The hon. Member for North Shropshire (Mr. Paterson) spoke with great lucidity and the House was most impressed by the fact that at no point did he appear to refer to notes. I know how daunting it is to speak in the House for the first time. I made my maiden speech only three years ago next week. I congratulate all those hon. Members and look forward to their continuing contribution to the work of the House.

I shall now come to the substance of the debate. What a dog's breakfast of an Opposition: they will learn that when one leaves the Chamber, they need to be sure that nobody will come in afterwards and contradict what they have just said. We started with the shadow Chief Secretary, the right hon. Member for Wells (Mr. Heathcoat–Amory), who did not know whether he was coming or going. He did not know whether the Budget was intended to increase or decrease public spending or whether it would fiscally tighten the economy.

Mr. Heathcoat–Amory *rose—*

Mrs. Liddell: I will gladly give way to the right hon. Gentleman.

Mr. Heathcoat–Amory: As the hon. Lady is inaccurately paraphrasing me, I shall put her right. I know from the Red Book that there is a real reduction in public expenditure in this financial year and the next. I was inviting the Government to confirm that fact to the House. Will she do that now?

Mrs. Liddell: We have made it clear during the general election campaign and since becoming the Government that we recognise that hard decisions have to be taken. The right hon. Gentleman and his hon. Friends fail to realise that this is a Budget not about fine-tuning the economy but about rebalancing the economy and getting it on a firm footing for the future.

Mr. Clifton–Brown: Will the hon. Lady give way?

Mrs. Liddell: No, I want to make some progress.

I want to make an extremely important point. I could not work out what was happening on the Opposition Benches because Conservative Members were all over the place. Basically, the penny has not yet dropped—the Conservative party suffered a humiliating defeat at the general election. Indeed, some humility might not have gone amiss this evening in some of the speeches by Conservative Members.

We have been in government for two months—*[Interruption.]* Conservative Members cannot even allow the debate to continue without catcalling and displaying the sort of behaviour that made the people of this country decide that it was time for a change and time for renewed standards in public life.

It was touching to hear the praise that the shadow Chief Secretary heaped on the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke). Why, then, did he resign from the former Chancellor's ministerial team? Why did he not vote for him in the recent Conservative leadership election? Has he taken a Trappist vow? Why can he not tell us whether he supports the action taken today by the Monetary Policy Committee and the Bank of England on interest rates? Do Conservative Members still see interest rates as a political tool, to be used for political grandstanding?

Mr. Quentin Davies *rose—*

Mrs. Liddell: I shall give way to the hon. Gentleman in due course. Having made his speech, he left the House and has only just returned.

One of the Government's first actions was to bring monetary stability to the economy. On six separate occasions this year, we had seen the Ken and Eddie show. The former Chancellor was repeatedly advised by the Governor of the Bank of England that it was appropriate to raise interest rates, but the right hon. and learned Gentleman was too frightened by his Back Benches and he failed to do so.

Mr. Boswell: The hon. Lady said that the Government had brought monetary stability to the economy. Is she telling the House that that is a steady state?

Mrs. Liddell: Monetary stability, over time, will become—*[Interruption.]* Conservative Members have obviously enjoyed a slightly better dinner than I had. They should reflect on the fact that one of the first consequences of my right hon. Friend the Chancellor's

[Mrs. Liddell]

action on interest rates and the establishment of a Monetary Policy Committee was a reduction in long-term interest rates. A notable point this evening has been that the Opposition have failed to recognise that the long term is the aim of the Budget. It is the long term that the Government have at the forefront of their actions.

Mr. Davies *rose—*

Mrs. Liddell: I shall give way to the hon. Gentleman. First, I want to ask him to enlighten the House on whether he agrees with his Front Bench on MIRAS and on VAT on fuel.

Mr. Davies: The hon. Lady is apparently blind; she is under the illusion that I am on the Front Bench. I assure her that it is not an illusion under which I have ever laboured—nor was I a member of the previous Administration. Because of that, I enjoy the great advantage of being able to speak for myself and to make my own contribution. My views on MIRAS have always been the same—it is a distortion which should be removed. If it cannot be removed immediately, it should be steadily reduced. That has always been my view. If I were a member of my Front Bench, I would have to persuade my colleagues of that view. Only if I succeeded in so persuading them would that become Opposition policy.

The hon. Lady is trying to get away from the Bank of England's decision to raise interest rates. Does she not realise that it was a regrettably necessary response to an irresponsible Budget, which failed to deal with the problem of increasing consumption that was identified in the Government's own Red Book?

Mrs. Liddell: I am glad that the hon. Member has never found it necessary to be concise. In today's Bank of England press notice announcing the decision of the Monetary Policy Committee, the Governor of the Bank of England mentioned the Budget's contractionary effects. That was a clear indication by the Bank that it recognises the sound actions of the Chancellor of the Exchequer.

Mr. Clifton-Brown: Will the Minister give way?

Mrs. Liddell: No, I should like to make some progress.

Some of the points made by Opposition Members have been very interesting, because they seem to have no coherent response to the Budget. In their attack on it, they have been all over the place. In some cases, Opposition Members have said that they appreciate the Government's goals. The hon. Member for East Yorkshire (Mr. Townend) said that he recognised the sense of what the Government plan to accomplish in our welfare-to-work proposals.

I shall attempt to take on board the very confused message sent by Opposition Members. They seem unable to realise that the Chancellor's Budget and the Finance Bill that will implement it have been based specifically on the promises on which we were elected on 1 May.

Mr. Clifton-Brown: Will the hon. Lady give way?

Mrs. Liddell: No, I wish to make some progress.

I realise that that must be a bizarre point for any Opposition Member to accept. In opposing the Budget, Opposition Members, regardless of which party they belong to, are opposing the fact that it is a Budget to get the country back to work—specifically to get young people back to work—and to reinvigorate our health service and education.

Several hon. Members mentioned private medical insurance—which is another example of the previous Government's inefficiency. They introduced a measure that had no impact on the people whom they claimed they were trying to help. The decision taken by the Chancellor to provide additional funding to the national health service will do more than private medical insurance—which is a benefit specifically for the few rather than the many—to help elderly people who are concerned about their health.

Mr. Clifton-Brown: Will the Minister give way?

Mrs. Liddell: No, I will not give way. I wish to make some progress.

It is interesting that the Conservative party had to go into opposition before they discovered the issue of personal pensions. Where were Conservative Members when people who were suffering the consequences of pensions mis-selling were pleading for assistance? Conservative Members did not assist them.

Conservative Members criticised my hon. Friend the Financial Secretary to the Treasury whenever she made the valid point that the Government's measures are in the long-term interests of the pensions industry. They fail to realise that the performance of companies is based on their being able to retain profits and to reinvest, so that the markets that fund pension companies can be guaranteed that there will be long-term growth.

Mr. Clifton-Brown: Will the Minister give way?

Mrs. Liddell: I am intrigued as to which part of no the hon. Member does not understand.

The hon. Member for Daventry (Mr. Boswell) mentioned the actuaries' report. He completely failed to take into account the fact that the actuaries themselves acknowledge that they had failed to take account of the reductions in corporation tax. I did not hear one Opposition Member refer to the reductions for large and small companies. Indeed, I heard one criticising the arrangements that we are making to improve capital allowances to small companies.

Some Opposition Members made much of their own backgrounds in business. They should recognise that one of the most important ways to secure growth in the economy is to ensure that small to medium-sized enterprises can invest and take decisions, unconstrained by the difficulties of trying to raise capital in a competitive marketplace.

My hon. Friend the Member for Eastwood (Mr. Murphy) made an excellent, reasoned and considered speech and went into some detail about the earlier clauses of the Bill. It was edifying to see a new Member taking the trouble to deal properly with the subject in hand. I acknowledge that the hon. Member for Daventry also paid tribute to my hon. Friend.

My hon. Friend made a very interesting and valid point about the nature of our welfare-to-work proposals. We must ensure that the employment that we generate for

250,000 young people leads to real qualifications, which is why, when he addressed the House last week, my right hon. Friend the Secretary of State for Education and Employment went into great detail about the standards that will be expected of schemes to bring young people from unemployment into work.

Mr. Clifton-Brown: Will the hon. Lady give way?

Mrs. Liddell: No; I have made it clear that I am intent on making progress.

My hon. Friend the Member for Eastwood also referred to the lack of faith among young people. I am not surprised that, after 18 years of a Tory Government—a Government who behaved exactly as Conservative Members are behaving this evening—young people have in some cases lost faith in the ability of the Government to do something for them. We must reverse that for the good of society. That is why the Chancellor has invited hon. Members from all parts of the House to act as ambassadors to ensure that young people are encouraged to go from welfare into employment. It is a life-enhancing opportunity—[*Laughter.*] Some Conservative Members, who have never had to confront unemployment, mock people who have and who behave honourably in the face of it.

The guillotine was mentioned. It was particularly interesting to see how few Opposition Members were in the Chamber for much of this evening. The hon. Member for Kingston and Surbiton (Mr. Davey) spoke about making time for advisers to bring hon. Members up to speed. I always enjoy his speeches, but I have to tell him that we are not here to suit ourselves—we are here to serve the country. The country voted for change and, in getting young people into work, the Government are determined not to be obstructed by the efforts of the Tory party, which has not yet taken into account the fact that it lost the general election and that the people of this country want change and want it soon.

The hon. Member for Chelmsford, West (Mr. Burns) asked a specific question about long-term care. I recognise that it is a matter of considerable concern to him. It relates to national assistance legislation. I undertake to write to him in due course, but I can say that the Government are committed to a royal commission on long-term care.

Mr. Burns *rose—*

Mrs. Liddell: I am not dismissing the hon. Gentleman's specific point and I undertake to write to him. However, in more general terms, we are committed to a royal commission on long-term care. We all recognise that it is a growing problem and the Labour Government are committed to sorting out many of the difficult problems that confront us.

I was delighted to hear the hon. Member for Twickenham (Dr. Cable) refer to Balogh and Kaldor. There are still a few of us in the House who know that they are not a piano duet from the mid-1960s. He made a number of points about the impact of windfall payments from the conversion of building societies. The compensation paid was factored into our decisions and forecasts. We shall continue to keep a watch on the situation.

In the next couple of weeks, we shall have an opportunity to go into the first Finance Bill of a Labour Government in some detail. I again pledge that we shall listen seriously to the points made by Opposition Members, but we must listen to the people who elected us. They elected us for growth, stability and an economy that is committed.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 314, Noes 179.

Division No. 52] **[10 pm**

AYES

Abbott, Ms Diane
Anderson, Janet *(Rossendale)*
Armstrong, Ms Hilary
Ashton, Joe
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Banks, Tony
Barnes, Harry
Barron, Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Beckett, Rt Hon Mrs Margaret
Begg, Miss Anne *(Aberd'n S)*
Bell, Stuart (Middlesbrough)
Benn, Rt Hon Tony
Bennett, Andrew F
Benton, Joe
Berry, Roger
Best, Harold
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Boateng, Paul
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brinton, Mrs Helen
Brown, Rt Hon Gordon *(Dunfermline E)*
Brown, Rt Hon Nick *(Newcastle E)*
Brown, Russell *(Dumfries)*
Browne, Desmond *(Kilmarnock)*
Butler, Christine
Byers, Stephen
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Campbell-Savours, Dale
Cann, Jamie
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian
Chapman, Ben *(Wirral S)*
Chaytor, David
Chisholm, Malcolm
Clapham, Michael
Clark, Rt Hon Dr David *(S Shields)*
Clark, Dr Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, Charles *(Norwich S)*
Clarke, Rt Hon Tom *(Coatbridge)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony *(Putney)*
Connarty, Michael
Cooper, Yvette
Corbett, Robin
Corbyn, Jeremy
Corston, Ms Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, John *(Hornchurch)*
Cummings, John
Cunliffe, Lawrence
Cunningham, Jim *(Cov'try S)*
Curtis-Thomas, Mrs Claire
Darling, Rt Hon Alistair
Darvill, Keith
Davey, Valerie *(Bristol W)*
Davies, Rt Hon Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Davis, Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, John
Dismore, Andrew
Dobbin, Jim
Dobson, Rt Hon Frank
Donohoe, Brian H
Doran, Frank
Drew, David
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Ms Louise
Ennis, Jeff
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Rt Hon Derek
Foster, Michael John *(Worcester)*
Foulkes, George
Fyfe, Maria
Galloway, George
Gapes, Mike
George, Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr Ian
Godman, Dr Norman A
Godsiff, Roger
Goggins, Paul
Golding, Mrs Llin
Gordon, Mrs Eileen
Grant, Bernie
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John

Gunnell, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, Rt Hon Ms Harriet
Heal, Mrs Sylvia
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, Ms Patricia
Hill, Keith
Hodge, Ms Margaret
Hoey, Kate
Home Robertson, John
Hood, Jimmy
Hoon, Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Alan *(Newport E)*
Howarth, George *(Knowsley N)*
Hoyle, Lindsay
Hughes, Ms Beverley *(Stretford)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan
Hutton, John
Iddon, Dr Brian
Illsley, Eric
Jackson, Ms Glenda *(Hampstead)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian *(Tamworth)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Barry *(Alyn & Deeside)*
Jones, Ms Fiona *(Newark)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, Ms Tessa
Kaufman, Rt Hon Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham & Heston)*
Keen, Mrs Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby & Kenilworth)*
King, Ms Oona *(Bethnal Green)*
Ladyman, Dr Stephen
Lawrence, Ms Jackie
Laxton, Bob
Lepper, David
Levitt, Tom
Lewis, Ivan *(Bury S)*
Liddell, Mrs Helen
Livingstone, Ken
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCafferty, Ms Chris
McCartney, Ian *(Makerfield)*
McDonagh, Siobhain
Macdonald, Calum
McDonnell, John
McGuire, Mrs Anne
McKenna, Ms Rosemary
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marek, Dr John
Marsden, Paul *(Shrewsbury)*
Marshall, Jim *(Leicester S)*
Marshall–Andrews, Robert
Martlew, Eric
Meacher, Rt Hon Michael
Meale, Alan
Merron, Gillian
Michael, Alun
Michie, Bill *(Sheffld Heeley)*
Milburn, Alan
Moffatt, Laura
Moran, Ms Margaret
Morgan, Ms Julie *(Cardiff N)*
Morgan, Rhodri *(Cardiff W)*
Morris, Ms Estelle *(B'ham Yardley)*
Morris, Rt Hon John *(Aberavon)*
Mountford, Kali
Mudie, George
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, Paul *(Torfaen)*
Naysmith, Dr Doug
Norris, Dan
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Mrs Diana
Osborne, Mrs Sandra
Pearson, Ian
Pendry, Tom
Pickthall, Colin
Pike, Peter L
Plaskitt, James
Pollard, Kerry
Pond, Chris
Pope, Greg
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, Rt Hon John
Primarolo, Dawn
Prosser, Gwyn
Purchase, Ian
Quin, Ms Joyce
Radice, Giles
Rammell, Bill
Rapson, Syd
Raynsford, Nick
Reid, Dr John *(Hamilton N)*
Robertson, Rt Hon George *(Hamilton S)*
Robinson, Geoffrey *(Cov'try NW)*
Roche, Mrs Barbara
Rogers, Allan
Rooney, Terry
Ross, Ernie *(Dundee W)*
Rowlands, Ted
Roy, Frank
Ruane, Chris
Ruddock, Ms Joan
Ryan, Ms Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheldon, Rt Hon Robert
Shipley, Ms Debra
Short, Rt Hon Clare
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Miss Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Ms Helen
Spellar, John
Squire, Ms Rachel
Starkey, Dr Phyllis
Stevenson, George
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr Howard
Stott, Roger
Stringer, Graham
Taylor, Rt Hon Mrs Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth R *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark
Touhig, Don
Trickett, Jon
Turner, Dr George *(NW Norfolk)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith
Vis, Dr Rudi
Walley, Ms Joan
Watts, David
White, Brian
Whitehead, Dr Alan
Wicks, Malcolm
Williams, Rt Hon Alan *(Swansea W)*
Williams, Alan W *(E Carmarthen)*
Williams, Mrs Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike
Woolas, Phil
Worthington, Tony
Wray, James
Wright, Dr Tony *(Cannock)*
Wright, Tony D *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Jane Kennedy and
Mr. Jim Dowd.

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, Rt Hon Michael
Arbuthnot, James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baker, Norman
Baldry, Tony
Ballard, Mrs Jackie
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Body, Sir Richard
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brand, Dr Peter
Brazier, Julian
Breed, Colin
Brooke, Rt Hon Peter
Browning, Mrs Angela
Bruce, Ian *(S Dorset)*
Bruce, Malcolm *(Gordon)*
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, John
Cable, Dr Vincent
Campbell, Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clark, Rt Hon Alan *(Kensington)*
Clark, Dr Michael *(Rayleigh)*
Clarke, Rt Hon Kenneth *(Rushcliffe)*
Clifton–Brown, Geoffrey
Collins, Tim
Colvin, Michael
Cormack, Sir Patrick
Cotter, Brian
Curry, Rt Hon David
Davey, Edward *(Kingston)*
Davis, Rt Hon David *(Haltemprice)*
Davies, Quentin *(Grantham)*
Day, Stephen
Dorrell, Rt Hon Stephen
Duncan, Alan
Duncan Smith, Iain
Emery, Rt Hon Sir Peter
Evans, Nigel
Faber, David
Fabricant, Michael
Fallon, Michael
Flight, Howard
Forth, Rt Hon Eric
Foster, Don *(Bath)*
Fowler, Rt Hon Sir Norman
Fraser, Christopher
Gale, Roger
Garnier, Edward
Gibb, Nick
Gill, Christopher
Gillan, Mrs Cheryl
Goodlad, Rt Hon Alastair
Gorman, Mrs Teresa
Gorrie, Donald
Gray, James
Green, Damian
Greenway, John
Grieve, Dominic
Gummer, Rt Hon John
Hamilton, Rt Hon Sir Archie
Hammond, Philip
Harris, Dr Evan
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heath, David *(Somerton & Frome)*
Heathcoat–Amory, Rt Hon David
Hogg, Rt Hon Douglas
Horam, John
Howard, Rt Hon Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, Rt Hon Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard *(N Essex)*
Johnson Smith, Rt Hon Sir Geoffrey

Jones, Nigel *(Cheltenham)*
Keetch, Paul
King, Rt Hon Tom *(Bridgwater)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, Oliver
Lewis, Dr Julian *(New Forest E)*
Lidington, David
Lilley, Rt Hon Peter
Lloyd, Rt Hon Sir Peter *(Fareham)*
Loughton, Tim
Luff, Peter
Lyell, Rt Hon Sir Nicholas
MacGregor, Rt Hon John
McIntosh, Miss Anne
MacKay, Andrew
Maclean, Rt Hon David
McLoughlin, Patrick
Madel, Sir David
Malins, Humfrey
Maples, John
Maude, Rt Hon Francis
Mawhinney, Rt Hon Dr Brian
May, Mrs Theresa
Merchant, Piers
Moore, Michael
Moss, Malcolm
Nicholls, Patrick
Norman, Archie
Oaten, Mark
Öpik, Lembit
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prior, David
Redwood, Rt Hon John
Rendel, David
Robathan, Andrew
Roe, Mrs Marion *(Broxbourne)*
Rowe, Andrew *(Faversham)*
Ruffley, David
Russell, Bob *(Colchester)*
St Aubyn, Nick
Sanders, Adrian
Sayeed, Jonathan
Shephard, Rt Hon Mrs Gillian
Shepherd, Richard *(Aldridge)*
Simpson, Keith *(Mid-Norfolk)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Stanley, Rt Hon Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher & Walton)*
Taylor, John M *(Solihull)*
Taylor, Sir Teddy
Temple-Morris, Peter
Tonge, Dr Jenny
Townend, John
Tredinnick, David
Trend, Michael
Tyrie, Andrew
Viggers, Peter
Wallace, James
Walter, Robert
Wardle, Charles
Wells, Bowen
Whitney, Sir Raymond
Whittingdale, John
Widdecombe, Rt Hon Miss Ann
Wilkinson, John
Willetts, David
Willis, Phil
Winterton, Mrs Ann *(Congleton)*
Winterton, Nicholas *(Macclesfield)*
Woodward, Shaun
Yeo, Tim
Young, Rt Hon Sir George

Tellers for the Noes:
Mr. James Cran and
Mr. Nigel Waterson.

Question accordingly agreed to.

Bill read a Second time.

Ordered,

That—

(1) Clauses 1, 15, 17 and 19 be committed to a Committee of the whole House;

(2) the remainder of the Bill be committed to a Standing Committee;

(3) when the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Standing Committee have been reported to the House, the Bill be proceeded with as if the Bill had been reported as a whole to the House from the Standing Committee.—[*Mrs. Liddell.*]

Committee tomorrow.

SELECT COMMITTEES RELATED TO GOVERNMENT DEPARTMENTS

Ordered,

That, for the remainder of this Parliament, Standing Order No. 152 (Select committees related to government departments) shall have effect as if, in the third column of the Table in paragraph (2), in the items relating to the Foreign Affairs Committee and to the Treasury Committee, for '11' there were substituted '12'.—*[Mr. Jamieson.]*

PETITION

Ben Needham

10.15 pm

Ms Margaret Hodge (Barking): The petition comes from citizens of the United Kingdom and was brought forward by a constituent of mine—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Lady. Will hon. Members who are leaving the Chamber please do so expeditiously and as quietly as possible? I call Ms Hodge.

Ms Hodge: The petition declares:

That the disappearance of Ben Needham a child of 21 months of age and a British subject, from the island of Kos in July 1991 and the failure of the local authorities to find him in the intervening years is a matter of concern to the Citizens of the United Kingdom.

The Petitioners therefore request that the House of Commons request the Foreign Secretary to seek assurances from the Government of Greece that they are doing all that is practically possible to find this missing child and that they will continue to carry out thorough searches of their territories until the child is found.

And your Petitioners, as in duty bound, will ever pray.

To lie upon the Table.

Debt Recovery

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Jamieson.]*

10.16 pm

Miss Ann Widdecombe (Maidstone and The Weald): I should first say how grateful I am to Madam Speaker for selecting this topic for debate.

I am bringing before the House my concerns about the debt recovery practices of the Inland Revenue and, more particularly, Customs and Excise, as, over the 10 years during which I have represented Maidstone, I have become troubled by a steady stream of constituents' experiences. They have explained to me that, when they make reasonable offers to Customs and Excise and also, occasionally, to the Inland Revenue, those offers are turned down and instead those bodies move immediately for bankruptcy.

My concern is not just for my constituents, but for value to the taxpayer. Clearly, it is to the greater benefit of the taxpayer if a business that is in trouble can make fairly modest but nevertheless steady payments than if that business is bankrupted, immediately unable to operate and, when there are no assets at all, the taxpayer makes no recovery.

Although I appreciate that, occasionally, difficult decisions have to be made, the cases that I have had cause either to write about to successive Ministers or to bring to the attention of either the Inland Revenue or Customs and Excise are fairly clear. I have begun to fear that there may be two sorts of businesses in trouble: the ones that have obtained the intervention of their Member of Parliament and those that have not. I find that, when I intervene, very often some arrangement that hitherto has been deemed wholly unacceptable is suddenly found to be acceptable and put in place.

In respect of the case to which I am about to refer, my constituent wrote to me and I raised the matter with Customs and Excise. I was told that my constituent's proposal was completely unacceptable, that the case had been dealt with properly and that, as the major preferential creditors, Customs and Excise were going to vote against accepting a revised agreement. I responded immediately to that letter by saying that I noted their position, but because the case was one in a long line, I intended to raise the matter in Parliament. Suddenly and within 48 hours, my constituent's offer had, strangely, become acceptable.

I am concerned that taxpayers' interests should be protected, but their interests are not protected if reasonable offers are turned down. I shall now refer to the specific case of the most recent, but by no means the only, constituent to bring such a problem to me. To save him embarrassment, I shall refer to him as Mr. X. He wrote to me, saying that he had found himself in a serious situation as a result of decisions taken by Customs and Excise. Between 1993 and 1995, he worked on a self-employed basis. His business was successful, it expanded and he took on various subcontractors. However, during 1995, he began to encounter serious financial problems. He was dealing with several clients who went into liquidation, leaving him with unpaid debts of many thousands of pounds and a resultant poor cash flow, especially as other clients paid their invoices many weeks after they were due. In addition, he claimed that he was also subject to malicious action by some of the subcontractors, who were trying to form their own company in direct competition to him.

As a result, in September 1995, my constituent entered into an individual voluntary arrangement in Tunbridge Wells county court. Virtually all his creditors accepted that the problems were not of his making and proposals were approved whereby he would pay to the appointed supervisor £1,000 a month for four years in full and final settlement of all debts. Mr. X found that £1,000 a month proved to be more than he could realistically afford, so the supervisor appointed under the voluntary arrangement suggested that it would be reasonable to write to the creditors to propose a reduction in his monthly payment to £500. That £500 a month was still being offered to his creditors, and the taxpayer, through Customs and Excise, would have benefited from it.

The supervisor duly sent out the appropriate letters and voting forms to the creditors and almost all of them accepted that the reduction was reasonable. One creditor did not—Customs and Excise, the largest creditor. Out of approximately £80,000 in total debt, Customs and Excise's debt was registered at some £50,000, although the accuracy of that figure was disputed with my constituent's accountant.

As Mr. X pointed out, the result of Customs and Excise's decision not to accept the voluntary payments could be that he would go bankrupt, lose his current employment and have great difficulty finding other employment. More important, not one of the creditors, including Customs and Excise, would receive any payment of any part of their debt. Therefore, the decision made by Customs and Excise, he believed, was not in the interests of any of the creditors or the Crown. I am inclined to agree with him.

Mr. X told me that he spoke to his supervisor and she told him that it was interesting to note that all the creditors who were personally affected voted in his favour, and only Customs and Excise voted against. She pointed out that the money was not personally owed to Customs and Excise staff and they had nothing to lose. She added that that was often the way in which Customs and Excise dealt with such matters, because they would rather just get people out of the way. Mr. X was concerned and puzzled by the decision. He did not understand how Customs and Excise could preside over a situation in which everyone lost out.

I contacted Customs and Excise about a letter from my constituent, dated 11 June. After a series of telephone calls, Customs and Excise wrote to me on 17 June to say that they were satisfied that the proposals were considered on their merits and that the decision to reject the offer was correct. They went on to explain the background. In a further letter, Customs and Excise explained, I think rather tellingly, that they supported the arrangement—after I had said that I intended to raise the matter in Parliament. They went on to say that there had been no distribution of the funds paid into the arrangement.

The supervisor's remuneration had to be paid, and a sum of £1,000 had been set aside to enable the supervisor to petition for bankruptcy if the arrangement failed. That is not unusual. My experience of constituents in trouble is that, regularly, receivers' fees, supervisors' fees and the general costs of insolvency practice amount

to such a large sum that it seriously erodes the amount recovered by creditors, and places an ensuing larger burden on constituents.

I wish to ask the Minister some straightforward questions. I acknowledge that she is the latest in a long line of Ministers whom I have asked these questions, and I have no great hope that her answers will be any different. Nevertheless, the public should hear them. Is it the duty of both the Inland Revenue and Customs and Excise to act in the interests of the taxpayer and, by acting in those interests, is it their duty to maximise the amount that the taxpayer recovers? Is that their guiding principle? Will the Minister ensure that it is their guiding principle? If so, it is difficult to see how they can so often refuse admittedly modest offers, which nevertheless would result in some repayment for the taxpayer. Are there any plans to limit the amount taken by receivers, supervisors and others involved in insolvency practice, so that creditors get the benefit of any moneys that businesses or individuals in trouble may be able to pay?

Had this been an isolated case, I should not be raising the issue tonight, but it is far from an isolated case. I shall not say that such cases come before me every week, as they do not. However, they do come up every few months, and they always have the same outcome—intervention nearly always results in the offer that was previously deemed unacceptable suddenly becoming acceptable. There is a real public interest in the issue. When I said that I was raising it tonight, I immediately became the recipient of numerous tales of woe from up and down the country, of which I will spare the Minister the details. I should be grateful for her observations on the principal questions that I have asked.

10.27 pm

The Financial Secretary to the Treasury (Dawn Primarolo): I am grateful for the opportunity of answering the right hon. Member for Maidstone and The Weald (Miss Widdecombe), and I shall do my best to deal with the points she has raised.

The first point that needs to be made is that the Inland Revenue and Customs and Excise use their powers to enforce payment of debt only in respect of tax that the law says is collectable. The money does not belong to the business concerned, but is money that the business has collected which belongs to the taxpayer.

The right hon. Member raised a number of concerns which I know trouble many hon. Members. I, too, have been involved on behalf of my constituents in the type of negotiations that the right hon. Lady described.

The first question is whether the likely solution of cases is improved by the intervention of a Member of Parliament. The second is whether reasonable offers are being accepted. The right hon. Lady referred to a specific case. I am sure that she will forgive me if I do not refer in detail to that case, as I do not have all the details and, frankly, I do not think that it would be proper of me to do so in the House.

The right hon. Lady mentioned the duty of the Inland Revenue and the Customs to maximise their return and asked what were the guiding principles. They are, first, that the system has to be fair to all taxpayers. It has to be fair to businesses that pay their taxes on time. Those that delay paying their taxes, therefore, have an unfair commercial advantage.

I must briefly point out the Government's attitude to such issues. I fully understand—so do the Government—that it benefits no one, least of all the Exchequer, to close down businesses that could have continued, despite the fact that they might owe substantial amounts of taxpayers' money to the Revenue. At the same time, however, Customs and the Inland Revenue have a statutory duty to collect all those taxes that are legally required to be collected.

The decision as to how those are to be balanced is difficult. As I said, allowing consistent late payment by businesses—we are talking about the small proportion that find themselves in this difficult situation—could confer unfair advantages on them, and the Department has a duty to ensure that it is fair to all businesses in the way in which it collects taxes.

We recognise that some taxpayers sometimes have problems with their cash flow. The policy of the Revenue and Customs is to take a positive approach and to try to work with individuals and businesses that are experiencing genuine short-term difficulties. That policy relies on the companies disclosing the information either to Customs or the Revenue and asking for assistance so that they can develop a voluntary payment plan. If the companies fail to do so, it is hardly fair to criticise the Revenue departments for not having all the information.

I am sure that the right hon. Lady would agree that sometimes it would be more helpful if our constituents disclosed more information about the true position of their companies at the beginning, rather than halfway through the negotiations.

It is important that Customs and the Revenue are acquainted with the problems and are thus able to assist. Obviously, both the departments appreciate the personal tragedy when bankruptcy is looming. The idea that they somehow enter into this with great glee to undermine and destroy businesses is unfair on the officials, who are following through the requirements of Parliament that they should collect the tax.

Miss Widdecombe: Nothing in my speech suggested that they entered into this with glee. There seems a pattern, however, of preferring to get things off their books—not necessarily with glee, but certainly with relief—rather than administering more modest and more realistic payments, which nevertheless return something to the taxpayer.

Dawn Primarolo: I accept the right hon. Lady's point. I do not agree that the departments have a strategy of getting problematic cases out of their hair and off the books, because they appreciate, as any sensible person would, that it is better to get some money than none, but a decision eventually has to be made about whether a business is viable and able to repay the moneys or will constantly accumulate greater debt and have an unfair position over other taxpayers.

I intended to outline the details of the decisions on debt collection, but I realise that the right hon. Lady is fully acquainted with the facts through her constituency work, so I will not delay the House on that matter. The two Revenue departments have to balance getting the tax that Parliament requires against a judgment about assisting a business to survive—because it is clearly in all our interests that businesses should continue—while

[Dawn Primarolo]

considering the question of fairness to all taxpayers. It is not as simple as maximising the tax return—would that it was—but the points that the right hon. Lady made are taken on board.

The right hon. Lady asked about reviews of fees taken by insolvency advisers, receivers and others. Those are a matter for Ministers at the Department of Trade and Industry, but I will ensure that her comments are passed on to the relevant Minister.

Mr. John Burnett (Torridge and West Devon): As the Minister probably knows only too well, there is a system for lawyers to have their fees taxed. Without wanting to put words into the mouth of the right hon. Member for Maidstone and The Weald (Miss Widdecombe), I wonder whether the Minister might suggest to the Department of Trade and Industry that such a system could be made available in the case of insolvency practitioners.

Dawn Primarolo: I will certainly make sure that the hon. Gentleman's comments are drawn to the attention of the Ministers concerned, but I am sure that he would not expect me to make policy off the cuff this evening on an extremely important matter.

Although not many hon. Members are present in the House, I am sure that others will study *Hansard* because of the relevance to their constituencies and their experience with constituents. The area of operation of the two Revenue departments is always carefully considered and assessed. I should be happy to review in correspondence the details of the specific case that the right hon. Lady mentioned and any other relevant issues that she wants me to take up.

The Government and the Revenue departments take these matters extremely seriously and our objective must be to assist businesses while not allowing them to have an unfair advantage over other businesses or to cheat the taxpayers of money that is rightly theirs.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes to Eleven o'clock.

House of Commons

Friday 11 July 1997

The House met at half-past Nine o'clock

PRAYERS

[MADAM SPEAKER *in the Chair*]

Points of Order

9.34 am

Mrs. Cheryl Gillan (Chesham and Amersham): On a point of order, Madam Speaker. Earlier this week, I tabled some written questions to the Department of Trade and Industry for reply on a named day. They included a question that was very pertinent to today's debate—it asked the Department to define its meaning of the information society.

Together with 14 other questions tabled at that time, I received answers, on the Members' board, at the Division last night. Those answers were either not substantive or merely contained the words:

"I will reply to the hon. Member as soon as possible."

I am sorry to have to raise this matter as a point of order again, but, as you know, I gave you notification yesterday of a point of order that covered the same issue—the DTI not replying to questions tabled by Members in all honesty and searching for an answer, in particular one relevant to today's proceedings.

The Library has told me that, since the general election, the DTI has answered a mere 46 written questions in full, whereas the Treasury, for example, has managed to answer 88. I look to you, Madam Speaker, as the defender of the rights of non-Ministers, to call the DTI to account. I sincerely fear that the rights of Members of Parliament are being infringed by the arrogant way in which Departments are treating named-day questions.

The Minister for Science, Energy and Industry (Mr. John Battle): Further to that point of order, Madam Speaker. I apologise to the hon. Member for Chesham and Amersham (Mrs. Gillan) for the fact that she has not received replies to her questions. My intention is that questions should be answered as quickly as possible. Indeed, I recall the question she tabled on the information society and I know that I have already signed the reply to it. I hope that she will get it speedily. I accept that she has not received it in time for today's debate and I apologise to her for that.

I signed a substantial number of the answers to the 44 written questions to which the hon. Lady referred. The Department has received a large number of wide-ranging and detailed questions. I undertake to go back to the Department and ensure that questions are answered as openly and as promptly as possible.

Madam Speaker: I am sure that the hon. Member for Chesham and Amersham (Mrs. Gillan) appreciates the Minister's response. Perhaps, during the debate, inquiries could be made about why she has not received a reply to her questions.

Mrs. Gillan: Further to that point of order, Madam Speaker.

Madam Speaker: Order. I cannot allow a debate on the issue, but I will allow the hon. Lady to respond to the Minister.

Mrs. Gillan: I thank the Minister for his generous response. Obviously, there has been some breakdown. However, I reiterate that many of the questions that were not answered by the named day were simple questions on matters of fact. That is what is so alarming about what is happening in the DTI at the moment.

Madam Speaker: As I explained yesterday, the Department has complied with the Standing Order. However, I hope that urgent inquiries will be made into the matter.

Information Society

Motion made, and Question proposed, That this House do now adjourn.—[*Mr. Betts.*]

9.38 am

The Minister for Science, Energy and Industry (Mr. John Battle): One of the questions tabled by the hon. Member for Chesham and Amersham (Mrs. Gillan) asked what is the information society. That remains an open question—the debate is about exactly that. Perhaps our discussion across the Chamber will clarify the matter.

It is almost commonplace to say that we have moved from the industrial age to the information age. As we move into the next century, we will be carried forward into the age of the digital economy. Some describe it as moving from the age of manpower to the age of the brainpower economy. There have been incredible developments in computing and telecommunications and we are still in the midst of those step changes.

Mr. Michael Fallon (Sevenoaks): I thank the hon. Gentleman for giving way so early in the debate. I did not mean to interrupt him so early, but he has just said something rather interesting. Will he confirm that it is the Government's view that we are now in the post-industrial age? Is he speaking for the Government when he says that?

Mr. Battle: That question is amazing. I will explain later in my speech why I believe that we are living in a new age—the digital age, which takes us even beyond the information age—and the answer will be spelt out. Sometimes, however, generic terms are used loosely. Perhaps the hon. Gentleman does not appreciate the pace of change. In the early 1950s, when I was a youngster, one could look on the back of a cornflakes box and see predictions about what our lives would be like. I recall predictions that we would move between buildings through glass bubbles, but I do not recall anything about mobile telephones, which were not even conceived of in the 1950s. That demonstrates the type of qualitative shift that has occurred.

The hon. Member for Sevenoaks (Mr. Fallon) asked whether we have left the industrial age. There is still plenty of industry around, but we are being carried forward to new, unanticipated shapes, and that is the important aspect. Twenty years ago, who would have imagined that there would be a computer on everyone's desk, much less the ability to communicate on the move or to access or send e-mail while on a train journey? Those technologies have the potential to be far reaching in their implications, to transform our lives and to take us from the industrial age—as it has classically been described in the history books—to the information and digital age.

Consider the incredible potential of the Internet and the world wide web, for example. Only a few years ago, it was the exclusive domain of a few physicists and a laboratory tool. Today, 50 million people in 150 countries are connected to the information super-highway. It is projected that, by 2000, which is only a few years away, there will be 250 million subscribers.

When people ask me about the information society—the hon. Member for Chesham and Amersham asked me about it today—I sometimes say that I have some doubts about using that term, because it is rather loose. The term underlines, however, the important social and economic dimensions of the information revolution. To date, the information age has been about access to vast amounts of information; entertainment at the touch of a button; and the ability to interact with and manipulate large quantities of data, to conduct remote transactions, to communicate on the move, to participate in distance learning and electronic commerce and to send and receive e-mail. Mobile solutions are the future.

There was a great communications revolution 450 years ago with the advent of the Gutenberg printing press, which made one book available to a mass market. Within the next generation, every book ever written, every symphony ever composed, every film ever made and every painting ever painted will be, with the click of a mouse, within the reach of all children. That is the type of step change that is occurring. I am even tempted to say that the next generation of children will communicate their own symphonies to other children through the new information technologies.

The information society is interactive and it has real potential to transform the economic and social fabric of our lives in the next century. Already, we can buy books and clothing on the Internet, where we can also buy our shopping from supermarkets or obtain business advice. We can start a company today and be dealing in Japan, Germany or Brazil next week, all without leaving our home. It once took years to achieve such goals.

Mr. Ian Bruce (South Dorset): I had hoped to be able to congratulate the Government on being part of the move towards making information much more accessible via e-mail. I have performed a small search and discovered that, a few e-mail directories ago, one Minister was listed and that, in the subsequent directory, three Ministers and Departments were listed. In the directory just published by the new Government, however, the trend is backwards. The Government must be the only organisation who have fewer people on e-mail now than before. What will the Government do to ensure that every Minister and Ministry can be contacted by e-mail?

Mr. Battle: I hope that I am on that directory, and I shall check to ensure that I am.

Mr. Bruce *indicated assent.*

Mr. Battle: I was on e-mail as a Back Bencher, and I have three e-mail numbers now—for my duties as a constituency Member of Parliament and as a Minister—which causes some confusion. I am very keen to promote e-mail as a means of communication and access. I am tempted to say that I will check the directory. Although every Minister in the Department of Trade and Industry is on e-mail, I cannot speak for other Departments. I will check the directory and encourage all Ministers to be listed on e-mail so that they can be contacted through it.

Mr. Bruce: The Minister will know that a confidential directory is sent to all hon. Members—because of our current Tory-lookalike Government, it has a blue cover—which shows that the Department of Transport no longer has an e-mail address. Although most Ministers are on

e-mail, hon. Members are not allowed to know their e-mail addresses. It is, therefore, rather difficult for us to communicate with them.

Mr. Battle: I will examine the situation and ensure that the addresses are there. I should add only that, when I first subscribed to e-mail, my system was clogged because 2,500 American high school students sent me an e-mail asking about politics in Britain. E-mail does not solve all communications problems. In principle, however, I agree with the hon. Gentleman that we should sharpen up accessibility and the openness of government. E-mail is a means of accomplishing that goal and we will examine ways in which to use it.

Mrs. Cheryl Gillan (Chesham and Amersham): While the hon. Gentleman is improving availability of information and access to Ministers, will he do me and every other hon. Member a favour by carefully examining access to Treasury Ministers? Like my Opposition colleagues, I received a letter from the Treasury stating that hon. Members should not write directly to Treasury Ministers but should take up matters with senior officials in relevant Departments. That does not sit very well with the Minister's comments today or the spirit of open access and open government. I therefore hope that, today, he will undertake to examine the Treasury's position and to report back to the House. I should be very grateful if he will write to me on that matter.

Mr. Battle: I cannot take responsibility for every Department simply because it is on the super-highway. I will, however, look into the situation and ask my colleagues at the Treasury to make a check of their communications systems. We are talking about communications. If we simply go electronic and never again talk to one another, it will be a bit of a disaster.

I have asked whether I cannot have a virtual red box rather than having to carry around masses of paper. I think that I was in a better position on using computers before the general election than I was after it. In all seriousness, however, there are questions about exchange and confidentiality, about which I will say more later in my speech. Nevertheless, we believe that we should be as open and accessible as possible and that we should use the new communications technologies as a means of achieving those goals. I will look into the matters raised by the hon. Member for Chesham and Amersham.

The challenge of the new technologies will be to harness their potential for the benefit of all—which is a short, three-letter word that I am determined to prove is absolutely inclusive. We will have to work together to include everyone. We should have an open debate on the developments to ensure that the new technologies are not only for technophiles, leaving others as if they are technologically challenged, lost in computer acronyms and jargon or even afraid to turn a computer on because they fear that they may get an electric shock.

In practice, global information networks are transforming our world, drawing people closer together through global communications. A vision of a global information society is now starting to take shape, making possible profound economic and social changes that are transforming and diffusing through all realms of human activity. The coherent developments of an information society have become essential to our competitiveness, to our employment and to improving of our quality of life. It is therefore vital that the benefits of the information society are available for all.

My right hon. Friend the President of the Board of Trade and Secretary of State for Trade and Industry underlined those points in her first major policy speech. She said:

> "The information superhighway is the means of delivering to all our people improved access to information, services and markets. The mass markets of the future will first be identified for those who provide access to the technology for the mass of their people, and opportunity follows that understanding."

We want to ensure that every member of the British public is ready to embrace the information society and to use and realise the benefits of information and communication technologies. That means raising awareness of the opportunities available through the new technologies, and the use of technology to get information for learning, work, industry and, indeed, for fun and leisure, to help children and to help communicate—I am tempted to say "to communicate more intensively"—with families and friends anywhere in the world.

Global information networks can contribute to resolving economic, social and political problems in new and imaginative ways. The networks can be used to rid society of social exclusion. We can raise awareness and use new technology as a tool to improve the quality of human relations and human communication.

I must insist that we continue to regard technology as a tool. It is not about machines simply transmitting electronic signals to machines out of human control. The real value lies in linking people together, not in joining up the technology. It is about human communication, which should be an ordinary, every-day, interactive, personal experience. It should be person-centred. I am tempted to reply to the advert, "Yes, it's good to talk, but it's even better if someone is listening."

Using technology should be an inclusive human activity. Raising awareness, providing access and enhancing skills are the key themes for the Government's IT for all programme which is run by the Department of Trade and Industry. IT for all is a partnership with the private, public and voluntary sectors. It provides the public with the opportunity to try out and get involved in the information society. As we know, business is already working to increase awareness and give people a chance to try out the new technologies, which should bring home to them the way in which IT might improve business performance and the quality of our lives.

Mr. Denis MacShane (Rotherham): Has my hon. Friend seen the very interesting letter in *The Times* this morning written by my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas) about the job-creating potential of digital television and the extent to which it is a way of moving jobs and creativity outside the great wen—London—to which too much wealth has flowed in the past 18 years? Technology can help the spread of jobs and wealth across our nation.

Mr. Battle: I thank my hon. Friend for that intervention. I was going to deal with that point. We do not need to be concentrated in the same place; mobility is the key to spreading opportunities more widely than ever before. I shall emphasise the human possibilities of technology before dealing with the economic potential.

[Mr. Battle]

The Equality project in my city of Leeds aims to assist people with severe disabilities. It uses new technology to counter social isolation and enables people to find out how standard IT equipment and software packages can be adapted to be made accessible to them. People who cannot even use their hands to move a mouse can use speech to direct a cursor on the screen, which helps them to communicate. Someone confined to a wheelchair said that a computer could literally open new doors. That is a real improvement in someone's quality of life.

Mrs. Gillan: While the hon. Gentleman is on the subject of disability, when are the Government going to implement the second part of the Disability Discrimination Act 1995, which directly involves new technologies?

Mr. Battle: I cannot respond as generously to that question as I have to others. The House had a great struggle to get the previous Government to take disability seriously. In opposition, we made incredible efforts to force the Government to take access for people with disability seriously. We got a half-baked Bill in return, but we shall work to improve access in any way we can, as will my colleagues in other Departments. We do not need any lectures on that topic.

I was talking about access to new technologies. I have visited projects in Leeds and also one in Norris Green in Liverpool's inner city. There is a centre in a library where people of all ages call in, looking for information on training, education and leisure. People who have no IT training, background or skills are using use the new technologies. I saw older people looking up and writing their family histories using computers. I met a young man in his twenties who suffered from dyslexia, but said that, because he could now use a computer, he could literally write. They are the benefits of technology.

I must mention my hon. Friend the Member for Cambridge (Mrs. Campbell) who set up an organisation called Cambridge Opportunity Links. It is a scheme to help parents who are returning to work after a spell looking after their children to get information on jobs, training and the availability of child care. It helps them calculate whether they will be better off in work or on benefit. The equation is worked out using new technology.

My hon. Friend's organisation collects the information and puts it together on easy-to-use web pages so that parents can access it at public access points in libraries, community centres or citizens advice bureaux. It enables a lone parent in Cambridgeshire to get information on jobs, training courses and child care, and work out how she can be better off in work. At the end of this month, I believe that it will be possible to get access to that system in local Benefits Agency offices in a touch-screen kiosk. That is precisely the kind of imaginative use of technology that we ought to promote. I congratulate my hon. Friend on taking that initiative, and I hope that many others will imitate her example.

IT has to be for all, and it can be for all. It must be inclusive, and not divide society into the information rich and the information poor. By working with large and small companies, community groups and local authorities, we can make a step change and build an inclusive community. For example, new IT networking can enable the unemployed literally to enter the labour market on screen and find a job. British Aerospace has already set up a model on the Internet which enables graduates in engineering to screen and scan all the companies in Britain and Europe to find out what they can apply for. In other words, technology can open up the labour market. Yes, it improves and enriches the quality of life, but, at the same time, it is a tool for empowerment.

I deal now with the need to make the networks and infrastructure easy to use, but also with the need to develop the economic potential, a point to which my hon. Friend the Member for Rotherham (Mr. MacShane) referred. The electronics and IT sector is a substantial part of British industry. The hon. Member for Sevenoaks asked about the post-industrial age. I am tempted to remind him that industry includes making the telecommunications and computing equipment. It is part of industrial activity to build that infrastructure.

With a total output of £36 billion, growing at around 7 per cent. a year, our electronics and IT equipment sector is the sixth largest in the world and it is a major source of innovation. Eight of the top 20 investors in research and development in Britain are electronics, IT and telecommunications companies. In other words, we have strengths in specialist software, broadcasting technology, optel electronics, fibre-optic technology and semi-conductor design. Britain has more inward investment in those sectors than any other country in Europe.

As my hon. Friend the Member for Rotherham said, the potential for regional development as a result of that technology is important as Britain moves forward as a leading European manufacturer of semi-conductors, personal computers, mobile phones and television sets.

Mr. Ian Bruce: I congratulate the Government on the excellence of British industry in that sphere. The hon. Gentleman will know that, before the general election, the present Prime Minister made a deal with BT to wire up all the schools in the land. In return, the Government would give BT the opportunity to broadcast television and films down its own telephone network. Will the Minister tell the House how that deal is being taken forward and whether he feels that it might be undermining all the investment that others have been making in our networks?

Mr. Battle: There was no deal in the terms described by the hon. Gentleman. Discussions on ensuring that schools are wired up are taking place with British Telecom and others, together with Oftel. The hon. Gentleman will have read about that in the press. Telecommunications are not new. What was going on during the past 18 years? Unlike the former Government, we do not claim credit for every business investment in Britain, as if we politicians had built it. We congratulate industry on its developments, innovation and potential.

I do not want the picture of strength to be compressed into complacency. We are talking about the fastest-growing sector of global business in which there is fierce international competition. The competitive edge of telecommunications and information technology companies can be lost overnight. Product lead times can be measured in months. I am told that a software idea has

a half-life of about six months. We have to work very hard just to hold positions in the incredibly fast-moving world markets.

Significant progress has already been made in the development of the network of networks to make up the United Kingdom's information super-highway. British Telecom has already invested more than £28 billion in infrastructure and equipment since 1984. The cable companies have invested £7 billion since 1991, with about another £6 billion scheduled to complete the existing franchise bill. Despite that investment in programmes brought forward by a wide variety of operators, I am sure that the hon. Member for South Dorset (Mr. Bruce) agrees that there is still some way to go before the opportunities to use the infrastructure are available to all members of society on an equal footing. Our aim is to ensure a truly national network of networks to benefit the whole of society.

Mr. David Heath (Somerton and Frome): The training and education provided in schools are vital to give people opportunities to use new possibilities in IT. Does the Minister appreciate that many schools constantly struggle to acquire the necessary hardware and software and to maintain it, which is also important? There is often pump-priming finance, but then nothing to replace the equipment a few years down the track. Do the Government have firm plans to provide the additional capital or revenue support for education authorities to enable schools to be properly equipped for the new age?

Mr. Battle: If I get a chance between the welcome interventions, I shall spell out later some details about the national grid for learning, when I shall respond fully to that question.

At this stage, I should like to mention the IT for all initiatives that already exist. Some 150 private, public and voluntary sector organisations are working together, including the education sector, to provide opportunities for all citizens—yes, youngsters as well—to get to grips with new technologies. We must ensure that the potential impact of the technological revolution on competitiveness is built through at business level. Without the next generation—the children and the youngsters—understanding it, we shall miss out again. I shall spell out later how we intend to take that forward.

Businesses can improve their timing, quality control, choice and ability and can erode restrictions on time and place by using technology to improve their business advantage. I am concerned about the need to get technology not just into schools but into businesses, particularly small businesses.

I remember visiting a company in my constituency that made automotive parts. When I visited the workshop, the guy could not even deliver a proper bill. When I asked why he did not put the information on computer, he said, "Because a computer is for an office. I work with oily hands and would contaminate a computer if it was in the workshop." A computer has a plastic casing. As long as oil does not get on the brains of the computer, it is possible to put one in a workshop to deliver invoices.

The workshop has now done that and has improved its stock control and invoicing. The man then asked, "Why do I need to send out paper? I could do the transactions and the orders on the Internet." That is a low-level technological approach, but many businesses are not even at that primary stage. We have to work on that agenda to ensure that businesses and commerce take advantage of new technology now. That is part of the work of the Department of Trade and Industry, with the benchmarking study, the spectrum strategy consultants and the information society initiative business information line. Information on all that is available in the Library.

Those initiatives need to be promoted more widely because there is a low uptake of new technology by small and medium-sized enterprises. We must address that gap and ensure that they use the opportunities to be competitive. Up to 50 per cent. of all UK employment will be in companies of fewer than 50 employees. It is vital that they use new technology and computing to lift them up a step change, to maintain competitive advantage, to increase their contribution to the economy and to survive in the future. The business opportunities are sometimes not spelt out and realised by business. We shall continue and enhance the Department's programme for business, which is part of the information society initiative.

The university for industry and the Internet enterprise zones are other means of bringing the education sector and the business sector together. We are all aware of what is known as the millennium time bomb. As we tick towards the next century, two digits could wipe out a century, with computers being unable to cope with the change to the next century. People may have to get ahead in reprogramming their computers, buying in the advice now, because the closer we get to the end of the century, the more expensive such advice will become. The problem must be taken seriously. I hope that the efforts of the Department, supplemented by efforts in the business arena, will ensure that the problem is addressed and people are not caught out and do not have to pay a heavy price.

We must ensure that excellence in the basic science is translated into business success. The UK has a world-renowned science and engineering base, but that expertise is often not converted through business into products and services competing in a global market. It is vital for businesses to look ahead to the medium and longer term and explore the potential contribution that developments in science, technology and engineering can make to their success. That is why the foresight programme must be further promoted. The importance of IT and telecommunications must be stressed in that programme.

Information technology will provide new opportunities and challenges, and will offer changes to the way in which business is done to develop the competitive edge. Even in the research sector of the work of the Office of Science and Technology, we must not only promote existing technologies, but get ahead of new developments. We shall also work positively in the European Union to take forward international collaborations. I mentioned the Equality project in Leeds, which is part of a European Union project involving the Netherlands and Newcastle. International collaboration is an important means of taking things forward. Local authorities are also important. They have carried out some of the most imaginative developments.

The hon. Member for Somerton and Frome (Mr. Heath) asked an important question, to which I shall now respond more fully. The success of the information technology,

[Mr. Battle]

electronics and communications sector depends heavily on people having proper skills that they can use later. Training people, increasing understanding of technology and using it to maximise competitive advantage are crucial. That is why the Government will pay a full role in providing an education system for all which equips people with the confidence and basic skills necessary for work in tomorrow's industries. That is why two of our new and innovative proposals—the national grid for learning and the university for industry—are such vital initiatives.

Those proposals are crucial in the drive to create an environment and a culture in which employers play their part, together with employees, in encouraging continual learning, relearning, training and adapting to the challenges of rapidly changing technologies and markets. Education is the key to building the information society and the global information networks of the future. That is why we have made literacy in information and communication technologies a central plank in our manifesto commitments. It is vital for children to be literate in information and communication technologies. They need the skills that are necessary to use the new tools in their work in the new millennium.

Mr. David Heath: Welcome though those projects are, in the primary sector there are still an awful lot of schools that struggle desperately to provide equality of opportunity for children at the earliest ages. Jumble sales are not a proper way of financing IT facilities in primary schools. I am asking that we ensure that it should not be just those children whose parents are sufficiently well off to provide a computer at home who benefit from the advantages and opportunities that the Government are, quite properly, promoting later in their school career.

Mr. Battle: I am grateful to the hon. Gentleman for making that point, which I accept. His comment should be echoed more widely than just in the Chamber. It is vital that we get the whole infrastructure right and we take that point seriously on board.

We want to ensure—this relates to the point made by the hon. Member for South Dorset—that we link schools, libraries and colleges that are connected to the Internet. I accept that that requires infrastructure. Our national grid for learning takes account of that point as does the university for industry, which will link industry and the potential for life-long learning. That also needs investment in infrastructure if it is to happen. Those initiatives will bring together Government, industry and education and will create a new virtual resource as long as we have the infrastructure in position. That point is accepted.

Having the national grid for learning on the Internet will enhance teachers' skills. The grid will bring them up-to-date materials, and pupils will have access to high-quality educational materials. As youngsters of the new generation begin to take IT for granted, they will begin to think that the Internet is passé. They will use it for pragmatic reasons and to get the information they need, and teachers will have to catch up. Teachers will be learning from pupils for once. They will have to learn how to switch on and use computers. We shall have to train new teachers to ensure that they are all literate in the new telecommunications and we shall have to retrain existing teachers. The National Endowment for Science, Technology and the Arts will contribute to that process.

We want to connect up schools, colleges and libraries, working with the cable companies, British Telecom and other telecommunications companies, and we want to keep the access charges as low as possible—a point raised by the hon. Member for Somerton and Frome. We want to develop plans for public-private partnerships to deliver educational software and services to pupils, teachers and other learners. We want to remove barriers to learning and set up opportunities even for those with special educational needs to increase the availability of information.

The national grid for learning will provide curriculum support for schools. It will help teachers' development and it will extend life-long learning, whether home based, through further education or through specific training for employment opportunities. The grid will link closely with our plans for study centres funded through the national lottery and through the university for industry. We hope that museums and galleries can be linked up so that there are many opportunities for learning.

Mrs. Gillan: I am delighted by the plans for information technology in schools which the Minister is outlining. They will build on what the previous Conservative Government did. Will he now tell the House how much money is going into the programme?

Mr. Battle: I cannot tell the hon. Lady the answer today. We are working up the programme and we shall spell out the details later. As always, budgets will be put before the House. We have already said that we will invest in this area and that it has been included in our Budget programmes.

Mrs. Gillan: How much?

Mr. Battle: The amount will be rather more than the hon. Lady's Government invested during their whole period in office. I will give her a practical example. I recall pressing the previous Government very hard to invest in the joint academic network—JANET—and its counterpart, the super-JANET. It was us, when we were in opposition, who pushed for investment there. We see the potential for network technologies in United Kingdom education and we will ensure that they are properly backed up.

Mr. Ian Taylor (Esher and Walton): I have sat listening carefully to the hon. Gentleman enumerating the policies he inherited. Many of the things in the grid that he is talking about are already happening simply because of private sector investment. That is exactly why Oftel announced an agreement with the cable industry on fixed-price packages for ISDN connections to schools. That programme is under way. That is why the profits of companies making the machines have been rising year in and year out, despite the constraints on school budgets. They have found ways in which to enable schools to use

IT as part of a radical restructuring of the educational process. All I ask the Minister to acknowledge is that he is building on very solid foundations.

Mr. Battle: The hon. Gentleman was responsible for this area in the previous Government.

Mr. MacShane: A distinguished part.

Mr. Battle: I compliment the hon. Gentleman on the foundations he built. We want to see the process enhanced and developed—

Mr. Ian Taylor: With the private sector.

Mr. Battle: I accept that. The hon. Gentleman played a distinguished part, as my hon. Friend the Member for Rotherham said. I would like to see the private-public partnership enhanced, built and developed a bit more to ensure that new technology reaches all parts of our society and not just little exclusive enclaves. We need to extend the process and to put together new forms of public-private partnership. We should network all the higher education institutions and that process should include publicly funded research institutions as well. Piecemeal work went on under the previous Government, but we did not have the integrated, joined-up thinking that is needed to connect the whole lot together and to take us into the new millennium. I publicly acknowledge the contribution of the hon. Member for Esher and Walton (Mr. Taylor) and I am pleased to build on it, but I hope that he will acknowledge that we need to develop the process further.

Information technology will be one of the key strands—the hon. Member for Chesham and Amersham referred to this—of our better government programme, which was announced last month by my right hon. Friend the Chancellor of the Duchy of Lancaster. Information technology will inform much of what we intend to do in government because it underpins how we relate to local communities, to citizens as a whole and to businesses large and small. We are talking about open government and communications.

Information technology enables us to use post offices, public libraries and citizens advice bureaux to the best advantage. We must ensure that assisted access to electronic services is available throughout the nooks and crannies of our society. The health service is another area where there are exciting possibilities for the use of information technology products and services.

As we move into the new millennium, the development of on-line services is creating a new environment for communication between businesses and their customers. Businesses have begun to use that environment for advertising and selling services and products. Consumers use on-line services via the Internet to buy things, to obtain banking and financial services and to buy tickets. Already, a mass market is developing, using and stimulated by interactive digital television.

As we see the convergence of televisions, computers and telecommunications, we see increased buying and selling over the network; we are moving into the digital age of electronic commerce. That brings with it a new series of issues that we will need to address in the House.

We need to build an infrastructure that we can trust and use with confidence. Some communication between human beings will always have to be confidential, so confidentiality is crucial. As we move towards the new global information networks with the potential for electronic commerce, we need a clear legal framework and a proper system—for example, for confidential digital signatures. That would prevent fraud in transactions. We need good information technology security to protect users and suppliers. We must also tackle offensive and illegal material on the Internet. We require a clear, predictable, international legal framework and we must ensure that it is applied on line.

Within those developments, we must ensure confidentiality and integrity in transactions, and the new science of cryptography—using secret codes to keep messages secure—will be vital.

The previous Government issued a consultation paper to which the hon. Member for Esher and Walton invited responses. We have continued with that work. We shall work through the replies and prepare our response. We are making progress on the basis of the work that the hon. Gentleman did in government. Once again, I compliment him on having the foresight to tackle an issue that we need to address.

In the medium term, we need to establish a competitive framework to take account of media convergence. The gradual erosion of distinctions between the previously discrete sectors of telecommunications, broadcasting and IT will require a regulatory structure for the next century. There is much work to be done.

In closing, I am reminded by a remark of the French poet, Paul Valéry. He said that we can be certain that the future is not what it used to be. The world of new information and communication technologies exemplifies that. In 1968, an engineer from IBM's advanced computer systems division said of the microchip, "Yes, but what is it good for?"

We have spoken of the half-life of Internet products being only six months, so the pace of change is momentous. It is unlikely to slow down. In fact, it will probably increase. The skill will be to ride the wave of change, seize the opportunities and be confident that we can shape change and the future. We need to ensure that the little word "all" is all-inclusive and build an inclusive society that provides opportunities for all by making use of the new potential.

Our children are already moving into the digital future. They are quickly mastering the tools that they will need for the new century. Some of us need to catch up. The Government have a crucial role to play in optimising the benefits of new technology as we approach the millennium. In partnership with business, we must not only promote the use and development of the information society and its products and services, but ensure the future competitiveness of our business, industry and commerce.

We must ensure that the future quality of life of citizens is improved by the potential benefits of new technologies. The hon. Member for Sevenoaks put it in tabloid terms earlier, but I agree that we have been an industrial society, as it was classically defined; we are now in the information age and we are moving forward into the digital economy of the future.

10.22 am

Mr. Michael Fallon (Sevenoaks): In the usual way we would have congratulated Ministers at the Department of Trade and Industry for securing a Friday debate when we first heard that there was to be a slot for trade and industry and we wondered which aspect of the Department's work would be highlighted.

We wondered whether we would be hearing about the consequences for industry of the Budget and just how hard Ministers had tried to fight the Treasury's raid on business pension funds. We thought that we might be told about the current state of the economy. Just this week, the Engineering Employers Federation warned that the damaging combination of rising interest rates and the ever-strengthening pound had serious consequences for manufacturing industry.

We thought perhaps that the Government might explain how, within just nine weeks, the country has been plunged into an extremely damaging strike. We thought that the Deputy Chief Whip might have selected for debate early-day motion 216, which was signed by so many Labour Members, calling for intervention in the British Airways strike. Then we might have heard from the Minister of State whether the Government backed the trade union that sponsors the Prime Minister or his favourite business man who is chief executive of the airline.

Instead, we are debating the information society and I welcome that. It is good that the House can look ahead a little and take stock of the technological change that confronts us. As the Minister correctly said, the Government have a large role to play.

The Opposition certainly relish the debate. We have a proud record in encouraging all aspects of information technology. That record would not have been possible had it not been built on the firm foundations of privatisation and liberalisation. Unlike the Labour party, we believe in an information society not for its own sake, but for what it can do to empower people. Before I address each of those three points in turn, I should like to welcome my hon. Friends to the debate.

I am particularly pleased that the House is to hear from my hon. Friend the Member for Esher and Walton (Mr. Taylor), the Minister's predecessor. He made an enormous contribution to the interface between the Government and information technology. He was the Minister who provided real leadership and coherence to the Government's programmes and it would have been nice had the Minister of State acknowledged that my hon. Friend launched the information society initiative and was the first to seriously warn about the millennium bug. He was an excellent Minister and we look forward to hearing from him later today.

The Minister for Small Firms, Trade and Industry (Mrs. Barbara Roche): The hon. Gentleman is making an extraordinary speech. He appears to have denied the importance of the subject and has underlined that by the fact that he obviously was not listening when my right hon. Friend the Minister of State paid a generous tribute to his predecessor. Was the hon. Gentleman not listening at all?

Mr. Fallon: We were certainly listening. It is nice to have that generous tribute reconfirmed. My hon. Friend the Member for Esher and Walton championed the information society. We look forward to his speech and that of my hon. Friend the Member for South Dorset (Mr. Bruce).

The Conservatives have a good record in these matters. It is encapsulated in the information society initiative which brought together the programme for business, information technology for all, our support for digital technology, the super-highway initiative at the Department for Education and Employment, Government Direct, the millennium ICT project and so on.

First, the initiative understood that the super-highway would be in a free market. It is not and cannot be a single, state-controlled, state-funded, fibre network going into every home. As Sir Peter Bonfield once said, it is rather a network of networks—a patchwork of interconnecting links, using mixed technology.

Secondly, the initiative properly reflected the choice that we want to result from the new technology. It built in from the start not provider preference but customer choice. Thirdly, it was future-friendly. It understood—because we understood—just how markets work and that it is not for Government to specify a particular technology, but rather for the market to sort out competing technologies and properly test them. My goodness, if we had had a Labour Government in control for the past 18 years we would be back in the age of Prestel or the Minitel system that we were offered by the French Government. Who knows? We might have had a British computer corporation subsidised with billions of pounds of taxpayers' money assembling some mini-Battle out in some assisted area. The information society initiative was right in that it stressed not the kit itself but the uses to which it should be put. The application of hardware, software and skills really mattered rather than the kit or the technology.

We bequeathed the information society programme of some £35 million of new money spread over four years to the new Government. We shall therefore want to know before this debate closes whether that new money still stands or whether it has been caught up in the Department's long-term spending review. We shall also want to know—my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan) has been pressing the Minister for an answer—whether the money earmarked for the millennium ICT programme still stands and whether the budget lines for technology foresight still stand.

If the Under-Secretary does not know the answers to those questions now, it is only fair to give her notice that my hon. Friend the Member for Chesham and Amersham will be pressing her on the matters. What is required urgently is not joined-up thinking but joined-up money.

Mr. Battle *rose—*

Mr. Fallon: If the Minister is going to confirm that all those programmes that are funded by new money still stand, it would at least be of some reassurance.

Mr. Battle: That is no problem. The budget that we inherited stands and it will be carried through. Only this morning, I honoured a scheme that was a commitment, and funding has been allocated to it. There is no reduction in or cutting of any scheme that we inherited. We made

that absolutely plain when we decided that we would accept the parameters of the budget that we inherited. The schemes will carry on—yes, including technology foresight. The hon. Gentleman may have missed the fact that we have made three announcements on technology foresight since the election.

Mr. Fallon: It is nice to have that reassurance about the existing programmes. I shall therefore move on to the two new programmes that have been announced.

First, there is the national grid for learning. I was not quite clear from the Minister's speech, to which I listened very attentively, whether money for that programme was to be made available in the current financial year or whether, as he seemed to imply—I shall give him the opportunity to correct his comment—no new money will be available until the next financial year.

The second new programme is the university for industry. The House will be surprised to hear that that has an initial budget of only £5 million. If that budget stands, the university will easily be the tiniest one ever to have been established in this country. Will the Under-Secretary say just what funding is likely to be available when that university for industry is at full stretch?

Mr. Battle: I know that the hon. Gentleman is younger and handsome, so he may have forgotten that exactly the same remarks were made about the Open university. It was said that it was being launched on a shoestring budget—but look at it now.

Mr. Fallon: If the university for industry is to be serious and successful, it will have to attract the kind of resources that were devoted to the Open university by the previous Government over the past 18 years. If we had that commitment from the Minister, we might have something worth talking about. What is not worth talking about is a university funded by only £5 million. I defy the Minister to nominate any university in this country that can survive on such a budget. Ministers really cannot have it both ways. If they want to share the credit for our programmes and to develop new ones, they will have to confirm existing and new budgets. Otherwise, they should come clean and admit that such programmes are possible only under a Conservative Government.

On the subject of existing programmes, I was a little surprised that the Minister did not say very much about our important initiative, Government Direct. He did of course stress the importance of new technology embracing the public services, so perhaps he was referring to Government Direct when he made those remarks. The programme was pioneered by my colleague Roger Freeman, who was one of the unsung heroes of bringing the Government closer to business. He took full responsibility for £2 billion-worth of spending on technology in central Government.

I was a little surprised to find yesterday at the Government Direct exhibition in the Upper Waiting Hall, which I hope my hon. Friends have had time to visit, the Chancellor of the Duchy of Lancaster posing in front of the cameras. My hon. Friends will recall that, just three months ago, when a statement was made on Government Direct, the then shadow Chancellor of the Duchy of Lancaster, the right hon. Member for Bishop Auckland (Mr. Foster), dismissed the programme as a "last-gasp technology gimmick". Yet, his successor was at the exhibition yesterday preening himself in front of the cameras.

Government Direct can of course be developed. It points the way to fresh challenges. The key question is not just that of confidentiality but the amount of information that is made available to the public. I understand that a White Paper is to be published later this month, although the Minister did not confirm that. I also understand that legislation is a very long way off. I commend to the Minister a check on the current state of the open government site on the worldwide web. I think that he will find that it may need a little updating.

The amount of direct access to Government is of course something that we can debate. The whole area is neatly encapsulated by a document which was published recently, which I hope the Minister has seen, "Citizen Direct", written by Karen Swinden, Tim Jackson and William Heath. One does not have to agree with all of it to appreciate the fresh angles that they take to the whole relationship between citizens and their Government.

The final area of Government activity in new technologies that I want to highlight is one that the Minister referred to: information technology in schools. When I was fortunate enough to serve in government, I had responsibility for this area for a couple of years. I welcome the fact that the Government are continuing their commitment to developing such new technologies. Since 1979, we have spent more than £1 billion on encouraging technologies in schools.

I welcome the continuance of the super-highway initiative by the Department for Education and Employment, but I am slightly wary—and was slightly wary in government—of simply piloting in schools all the new technologies as they come along. I was a little disturbed to hear the Prime Minister simply suggest—I think it was when he was Leader of the Opposition—that every child in the country should have a lap-top computer. We were careful in government always to pilot the newer technologies and always to assess their educational as well as their technological impact.

Mrs. Roche: I am following the hon. Gentleman's remarks on children and access to computers with some interest. In talking about the legacy left to us by the previous Government, what does he have to say about the fact that 40 per cent. of computers in schools are five years out of date, rendering them obsolete by today's standards?

Mr. Fallon: If the hon. Lady had studied the matter, she would know that we have the best record in Europe of introducing computers into schools. We did the best that we could with the resources available to us. If she is pledging to devote new DTI money to the Department for Education and Employment, I am sure that my former colleagues in that Department would welcome it.

Dr. Ian Gibson (Norwich, North): Will the hon. Gentleman please comment on the previous Government's initiative of inducing schools to collect vouchers from shops to buy computers? How many computers were bought by that method? In my experience many schools depended on Tesco and Sainsbury vouchers to finance their computers.

Mr. Fallon: We welcomed any contributions, because we never regarded this simply as a matter of state funding.

[Mr. Fallon]

We encouraged all schools to maximise their resources and involve parents in fund raising. I welcome the contribution that some of our major companies have made to encourage technology in schools. We never fell into the trap of believing that those new technologies should be introduced into schools for their own sake, or into accepting that computer literacy was a substitute for real literacy. We regarded those new developments as tools towards better education and higher skills.

Mr. Ian Bruce: Was not the Under-Secretary's intervention extraordinary given that the previous Government had such a good record in providing computers in schools and not a penny has been announced today to improve matters? My majority was the lowest against a Labour candidate. Many of my constituents voted for a Labour Government believing that they would provide more money. Is it not extraordinary that we should have a debate on this matter yet not get a single penny from the DTI to improve computing in schools?

Mr. Fallon: My hon. Friend's intervention is welcome. I have already warned the Under-Secretary—I thought it only fair to do so—that when my hon. Friend the Member for Chesham and Amersham winds up the debate, she will be relentless in pressing for answers on that area of funding. We need an answer on the national grid for learning, and any further answer on the budget for the university for industry would be welcome. On the Under-Secretary's final point about improving and modernising the state of computers in schools, we want to know exactly what contribution the DTI budget will make to the Department for Education and Employment. The hon. Lady introduced that topic and she can certainly answer those questions.

Mrs. Roche: Will the hon. Gentleman give way?

Mr. Fallon: I shall give way just once more, because I have a great deal more ground to cover.

Mrs. Roche: We are all waiting with bated breath for the rest of the ground the hon. Gentleman has to cover.

The hon. Gentleman has misunderstood my earlier intervention. I was talking about the previous Government's record and the legacy that they left us. Explanations there came none.

Mr. Fallon: Let me be clear: the hon. Lady is the Minister; if she thinks that too high a proportion of the computers in our schools are obsolete, it is for her to say what new resources will be committed to solving that problem. If she has to explain every intervention that she makes, we are likely increasingly to suspect that no new money is available.

The previous Government's good record would not have been possible were it not for the privatisation, liberalisation and competition that we fostered throughout the new technologies. Those are the three graces of radical conservatism. Had we not privatised British Telecom in 1984, and encouraged competition, first through the duopolies and then through greater liberalisation, we would not now have the investment which the Minister of State praised: some £29 billion invested by British Telecom; prices lower in real terms by 40 per cent. since 1984; and some of the cheapest telecommunication systems in the western world. Neither would we have had the massive investment by cable companies to which the Minister of State also referred: some £7 billion so far; and a further £5 billion pledged until the end of the century.

The Labour party was wrong to oppose the privatisation of British Telecom if they now seek to claim credit for successful investment 13 years later. It would be nice if, just for the record, the Minister would now admit that the Labour party was wrong to oppose that particular privatisation. I pause waiting for that final admission. We have waited for 13 years; we are content to wait a little longer.

Just as important as privatisation was liberalisation. All consumers can now access the Mercury network. More than 200 local, regional, national and international public telecommunications licences have been issued. The UK's four cellular networks are among the largest in the world and there are now some 150 cable franchises. I hope that the importance of cable will not be dismissed. It is one of the largest new technology industries in this country, indirectly employing some 17,000 people. Investment in it amounts to some £12 billion and an important point for the House to note is that virtually none of it has been financed by the Government. We did not start as a Labour Government would have, with some kind of British cable corporation or cable grants programme. On the contrary, we privatised, liberalised and encouraged the marketplace, and thus secured the investment which the Minister of State has praised.

I have two pieces of advice to offer the Government. The first and most important is that they should not meddle further in those markets. That advice may already be too late. We now hear that there is to be a new regulatory authority, "Ofcom", to bring together the different functions of regulators. We also hear that the principal regulatory formula of RPI minus X may be interfered with. We now have a utilities review, which will lead to months of uncertainty. That shows clearly that Ministers do not understand that the new technology industries need a stable regulatory framework, not some eternal year-long review.

Mr. Battle: The companies themselves asked for a review of regulations, as the hon. Gentleman knows from our consultations in opposition. The energy industry said that we need a framework to address the future because the one that we have already is 13 years old. The telecommunications industries point out that, with convergence, the present regulatory framework is not sufficient. Conservative Members write to me asking whether there will be a regulatory framework. I wonder whether the hon. Gentleman is totally opposed to one. If so, why does he suggest that the Government should interfere and intervene in, and get a grip on, some areas?

Mr. Fallon: Of course there must be a regulatory framework. We set one up. What the Minister does not understand is that it must be reasonably stable if we are to continue to secure the investment levels which the previous Government delivered.

My second piece of advice to Ministers is not to attempt to second-guess the market by doing cosy deals with preferred providers. However, that advice, too, may be

almost too late. The Labour party has made that mistake not in government but when it was in opposition. Some 18 months before the Labour Government came to power, my hon. Friends will recall the spectacular fiasco of the British Telecom schools deal. Let us refresh our memories about that fiasco. I can offer the Minister and my hon. Friends the headline:

"Blair, BT and Smoke-filled Rooms"

and an article in which the correspondent explains why the Labour party's sweetheart deal on the super-highway is a mistake. Back in October 1995, the Labour Leader announced with great fanfare that British Telecom was to be given special early permission to provide broadcast services over the national network in return for cabling schools, colleges and libraries.

Our policy was clear. We treated British Telecom and the other British telecommunications operators on an equal basis. They could run individual cable franchises, but they were not allowed to broadcast services over national networks to residential customers until the review in 2001 when we expected competition to have matured. It is important to put it on the record that the operators were allowed to offer full access to businesses and schools.

That arrangement was broken by the then Leader of the Opposition—now the Prime Minister—who decided, in a smoke-filled room, to offer British Telecom privileged access ahead of the other telecommunications operators in return for cabling up schools that it was cabling anyway at almost no charge to the corporation. That deal was heralded in a speech by the current Prime Minister as

"new Labour, public and private, working together, building a dynamic economy."

Within weeks, the deal collapsed. The regulator condemned it as anti-competitive, and the cable companies rightly were up in arms about their investment. It was even attacked by the Labour party's friends at *The Independent*—not a noted critic of the Labour party—which wrote:

"Labour is in effect advocating a one-off boost to BT's monopoly power where some of the excess profits are used to do what the state wants, rather than allowing the regulator to ensure that this surplus is passed back to the consumer . . . Mr. Blair should ditch the BT deal, back customer power not big business, and, above all stop making policies on the hoof."

BT has learned a lesson and, with the windfall tax applying to it to the tune of £500 million, it is a very expensive lesson. But I hope that Labour has learned a lesson also—that there is no such thing as a free telephone line. Such deals remind us that this is not new Labour, but old-tech Labour—it is not to be trusted. When it has the chance, Labour always prefers to do cosy deals with single monopoly providers. Confronted with a choice between monopolistic centralisation and private competition, all Labour's old instincts come to the surface. That is the fundamental difference between the Opposition and the Government. The Government see information technology as an opportunity to direct and to control. We see it as an opportunity to liberate and to empower.

The BT deal is in question, as the Minister has conceded. The regulator said last month:

"This is just not the way to proceed."

Perhaps the Under-Secretary would do us the courtesy of telling us in her wind up where we have got to with the BT deal. If she cannot do so today, I hope that she will write to me on this point. What kind of licence might be devised by the regulator? What reassurance will there be for the cable companies?

In the end, the previous Government were proved right about single deals. Precisely because my hon. Friend the Member for Esher and Walton did not fall for such one-off deals and trusted the market, the cable companies were able in January this year to announce a new favourable tariff structure for giving all schools access to the Internet. That was rightly welcomed by my hon. Friend, because it was he who had produced precisely that result by encouraging competition and by nurturing the competitive instinct among the new technology companies. The lesson is clear. We grow great companies in this country not by monopolistic deals done in smoke-filled rooms by the Government, but by making all new companies compete vigorously.

Mr. Ian Bruce: My hon. Friend is right to be concerned about the deal. The Minister did not respond properly to the challenge I gave him about the BT deal. I have a fax from Telewest, a leading cable company, whose concerns about the negotiations with BT about the cost of access by other companies to the network are shared by all cable companies. There is a feeling that a "super-highway"—and not "super-highways"—is to be set up in this country. The Government must respond to the real concerns of the cable industry and others investing in the United Kingdom.

Mr. Fallon: I hope that we will have that response at the end of the debate, and that the Minister will give us news about how the regulator is proceeding with the deal.

Mrs. Roche: With great respect to the hon. Gentleman, he clearly did not listen at all to the remarks by my hon. Friend the Minister of State. The hon. Gentleman said that we do not recognise the language when he talks about the BT deal. Clearly, discussions are continuing between BT and the regulator and we will follow them with interest. In due course, their findings will be made known far and wide.

Mr. Fallon: That is confirmation that the Government are not involved in any of the discussions, despite promoting the deal. We wait to see the results from the regulator, and I can assure the Minister and the Under-Secretary that we shall follow developments from the regulator and the Department when the decision is announced.

It is precisely because the previous Government promoted competition in these markets that we have the degree of inward investment to which the Minister of State has paid tribute. The UK is now the number one target in Europe for inward investment and much of that investment is in the new technologies.

I turn now to the essential philosophical difference between the Opposition and the Government. For us, the whole point of encouraging an information society is not to enable people to collect information, but to use it. We see information technology as a means, not an end. If the Government will the means—as they profess to do—they must also will the end. Giving citizens more information is meaningless if the Government restrict the use to which it is put.

[Mr. Fallon]

This debate comes at the end of a week in which the Government have announced less choice for consumers. Parents will no longer have a choice of grant-maintained schools, selection in existing schools or new grammar schools. All schools will be reallocated to specified new categories—not by parents, but by the Government. The debate comes at the end of a week in the middle of which the Government published our performance league tables for the national health service. These tables would never have been published by this Government—*[Interruption.]*

Mr. Deputy Speaker (Mr. Michael Lord): Order. It would help the debate if Ministers would not make remarks from sedentary positions.

Mr. Fallon: The previous Government first published league tables for schools, one of the most important sources of information for parents. Ministers voted against that legislation—the Minister of State himself voted against it in November 1991. When I became Minister for schools, I found that a great deal of information about school performance was locked away in the director of education's safe. Some local education authorities that inspected their schools refused to publish the results. Some that tested reading skills throughout primary schools refused to release the results. We made the results available for all primary and secondary schools.

If the Minister wants to be taken seriously as an advocate of the information society, he should admit that he was wrong to oppose the release of that sort of information on the performance of schools and hospitals to those who want to make choices.

The information society is not a public relations exercise in redefining the relationship between Government and those they govern. It is not an issue of presentation. It is about encouraging choice and, therefore, improving services. It is about encouraging more critical consumers of services, whether those services are public or private, and allowing consumers to act on the information that they have received and use their judgment instead of Ministers or local councils substituting their judgment.

The conclusion of this debate is clear. If one truly believes in an information society, one must also believe in its consequences—that citizens should have faster and better information, that power in our society should be pluralised and that choice should be put where it belongs, which is in the hands of the individual.

The Opposition are proud of our record in information technology. We know that it was possible only because of the privatisation and liberalisation that stood as the founding principles of our economic record and because we believe that if one is committed to markets, competition and to flexible skills and labour, and one is prepared to treat customer choice as the guiding principle, one can truly be respected as an advocate of the information society.

11.1 am

Mr. Ian Taylor (Esher and Walton): On my way here this morning, I drove past a large advertising hoarding. The message was, "Rock the Net." It was the advertising slogan of a software company specialising in intranets. I do not expect the House to jump and jive during my speech on the net, but I will try to reflect on one or two of the issues that still leave me intrigued after an enjoyable period as Minister for Science and Technology.

First, I welcome my successor, the Minister, to his job. I think that he has the most stimulating job in the Government. In many cases, information technology is the determining factor in whether this country will be able to cope not only internationally, but in delivering services to our own people.

Looking around the less than crowded Benches this morning, it is sad that more of our colleagues do not fully understand that, whatever their personal interest in this House and whatever reason they have the honour to sit on the green Benches, the information age and the information society with its digital implications mean a transformation in the way in which government and services are delivered. Health, on which the Minister touched, education, which both he and my hon. Friend the Member for Sevenoaks (Mr. Fallon) mentioned, transport and virtually every aspect of the services that are delivered to the public, such as social security, will be transformed by the technological revolution that has been occurring in recent years. Our difficulty in trying to encourage our colleagues to take an interest is highlighted by the fact that not many of them will necessarily make a contribution to the debate today. I only hope that they realise that, as times change and by the time we get to the next election, the politics and government of this country will be infused by many aspects of information technology that they may not have fully grasped and that they may have difficulty talking to their much better educated electorates.

Before I get to the wider issues, I must refer to one or two matters that were outstanding when the election determined that I was not to continue as Minister. On the BT non-deal—it was a deal, but it was immediately dressed up the following morning as a non-deal—in October 1995, I hope that the present Government have learnt that although it is an admirable aspiration to connect up schools, an ambition which is shared on both sides of the House, the matter is better left to a stable regulatory situation and market investment than to cosy deals.

Two questions demonstrate what I am trying to say, so I shall not go over the ground that my hon. Friend the Member for Sevenoaks, the Opposition spokesman, covered admirably. First, if it was decided that BT should have earlier access than that laid down in the 1991 arrangements to enable it to use its existing networks for simultaneous broadcast transmission for the BBC and ITV to homes, what licence fee should it be charged for that privilege? One cable industry licence—the franchise in Northern Ireland—cost £14 million, so BT should be charged about £500 million for the privilege of getting earlier access to homes on a national basis. That figure is not totally different from the amount that it will be hit with under the windfall tax. That fee was never part of the deal, however, because it was simply not properly thought through. If one disturbs competitive arrangements, there have to be cost consequences and, perhaps, compensation for the cable industry which bid on a different basis for the cable franchises.

Secondly, it is all very well saying that BT should have free access to schools, but if BT is the dominant provider in the marketplace—despite the fact that there are 150 or

more competitors, it is—and if it has access to schools and puts in the connections free of charge, it is logical that all the other suppliers will have no opportunity to compete. They will simply be squeezed out of the market. That raises the interesting question of the costing arrangements for access to the local loop through the connection that BT would have provided free to the school, which I am sure the Director General of Telecommunications is looking into closely—I know how good he is at these matters. It does not take long to realise that the connection is the easy bit. The question is what on-line services are to be provided. What is the cost of switching? What is the effective access charge to the Internet service provider other than BT's own Internet service provision? In other words, there are profound implications. One of the worries of the cable industry and the Internet service providers is that if one has access to the school, one has that core component of access to the local loop, which will be one of the determining factors in where money is made in telecommunications as we move forward.

I raise those questions not to go over ground again, but because they are genuine questions. I am delighted that, in a written answer to me, the Minister stated that the consultation with the Director General of Telecommunications

"will include the Internet service providers and the cable companies."—[*Official Report*, 16 June 1997; Vol.296, c. *60*.]

That is an important safeguard.

Mr. Ian Bruce: I am sure that my hon. Friend already knows this, but the House will be interested to learn that when all the discussion about what special sweetheart deal would have to be done with BT took place, the likes of Cable Tel, a leading cable company, demonstrated that it had already provided—it had needed special clearance from Oftel—a special deal for schools that made Internet connection affordable. That was done without the need for any special deal with the Government of the day.

Mr. Taylor: I am well aware of the details of the Oftel agreement with the cable industry to provide a fixed package for ISDN for schools. One of the problems for schools has always been the slightly open-ended commitment. Costs escalate in proportion to the length of time for which a computer is used. That is why some people in the industry are considering dumb terminals while others are investigating intelligent terminals and storing information.

The schools are confronted with the difficulty of what the budget deficit will be at the end of the year, so a fixed charge for access for the whole year, regardless of usage, was an extremely important development. We need Oftel regulation to ensure that there are proper competitive grounds for the contractor arrangements with schools.

I want to pay a compliment to BT, which has responded extremely well in a competitive environment. It continues to build out its network, with massive investment, not because of any deals with the then Labour Opposition or promises from the then Conservative Government, but as a result of the competitive pressures that it is under with the cable industry moving in on an important area of the local loop. BT responded by upgrading its network.

I am glad that the BT deal with MCI has recently cleared another of the hurdles. My voice is no longer listened to, as I am now in opposition as opposed to being the Minister, but I would like to put it on the record that if the Federal Communications Commission, the regulatory final hurdle in the BT-MCI deal, is attempting to say that it needs to examine more closely whether the United Kingdom is an open and liberalised economy for telecommunications, it really ought to come off its high horse.

As a Minister I was sometimes frustrated because the deeds of the FCC were at some variance with its words, as in the lead-up to the Geneva conclusion of the World Trade Organisation talks on telecommunications liberalisation. Thankfully, however, a successful conclusion was reached.

The United Kingdom is about the most liberalised complex telecommunications economy and it is far more open than others to inward investors and more generous in granting licences for international telecommunications and domestic operations. I hope that the FCC will not take a day longer than necessary to realise that it need have no doubts about the openness of our telecommunications policy. I know that the Minister will continue that liberalised approach in all that he does.

The information society initiative will change the way in which we work, both in this country and globally. There is no need for companies to be concentrated or for employees to work any particular hours in their office. We can network from anywhere because distance is no longer an obstacle. Rural communities can thrive.

There has already been work to ensure that life stays in the highlands and islands rather than being sucked into the big conurbations; that is no longer an inevitability. Life can be brought back to rural communities by tele-working and all the ways in which companies can access, analyse and distribute information instantly.

Companies' relations with other parts of their supply chain or their markets will also be transformed. The world is now a single marketplace. Once it is on-line, even a small company can communicate with people around the world, and if it is sensible and markets itself on the net, with its own web page, it can make itself appear a much more substantial operation. Small companies must be urged to get on-line.

I am delighted to hear that the information society initiative, programme for business, will continue. When I was the Minister, there were about 38 support centres around the country backing the business aspects of the initiative and providing hands-on help, especially to small and medium-sized companies, enabling them to understand why it was important for them to get on-line, use electronic data interchange and exploit the Internet as a marketing tool, to cut down the time that processes take.

For just-in-time processes to succeed, companies must be on line. In any event, many of the larger companies are beginning to insist on electronic ordering and processing. If smaller companies have not thought about that, they should think about it very quickly indeed. If one is not on-line, one needs to be extremely careful about rivals or competitors, wherever they happen to be based, encroaching on markets that had seemed very much one's own.

Our communities will have access to information and connections that were never thought possible before. The Minister did not mention the fact—I do so as an addition, not as a criticism—that technology is capable of looking

[Mr. Taylor]

after everybody. There are technological means, for example, of extending networks beyond what the cable industry can reasonably be expected to do.

The cable industry may cover about 80 per cent. of United Kingdom households, but using the radio spectrum will enable us to provide ISDN-equivalent signals to connect into rural communities. As we move into the digital television age, we will have other ways of ensuring that information and the interactivity of the new arrangements can reach out to those communities.

Mr. Battle: I regret the fact that I did not have the opportunity to mention that and many other matters in my speech. I hope that the hon. Gentleman will welcome the fact that we have introduced a Bill on spectrum pricing in the other place. It was left over, as it were, and should create precisely the space to which he refers.

Mr. Taylor: I am more than happy to respond to that. Opposition and Government can sometimes find common ground and I warmly support what the Minister is doing with regard to that Bill. We worked hard on it and I was pleased that it was in the Gracious Speech.

The general public simply do not understand how important the radio spectrum is in delivering the services that will emerge in the digital age. The purpose of spectrum pricing is to drive forward efficiency of use of the spectrum so that the bit that is no longer used in one way can be freed up for other uses. That is how we have enabled the mobile telephone industry to expand to an incredible extent. We have been able to clean up spectrum and allocate it to the mobile industry.

We are now approaching the third generation of mobile technology, which obviously requires us to make the best use of a scarce resource. Now that I do not have the responsibility of being the Minister, I can say that I profoundly hope that we will make use of radio spectrum pricing to raise considerable sums that will stimulate the transfer of the digital terrestrial television process to the percentage of the population that might be slow in taking it up.

The criteria in the Broadcasting Act 1996 were that we would review the switching off of analogue spectrum within five years, or 50 per cent. coverage, whichever was the earlier. As with black-and-white and colour, a persistent core of the population will hang on to their analogue spectrum and their old television sets, either because they cannot afford the new ones or because they have not been encouraged to change over.

It is in the British national interest to stimulate the change and radio spectrum may provide the funds, because plenty of people will be willing to bid for the spectrum that will be freed up when everyone has moved to digital terrestrial. The transmitters will give a much clearer signal, so spectrum can be taken back for other, more innovative, purposes. That is a technical, but important, matter if we want to achieve growth.

One of the constraints on what we are doing is the radio spectrum. There are plenty of ideas, but can we achieve the clear spectrum? That was one reason I had such a battle with Channel 5 when it wanted to use aspects of what we call the channel 35 spectrum, which is a clear digital spectrum. Channel 5 has it for five years. By the time we can claw it back there may well be mobile television or other signals for which we want to use that national spectrum. Channel 5 was given the spectrum on the basis that its 3 million or 4 million subscribers, who will be using a signal in that spectrum, will be moved off on to other signals by the fifth anniversary. Perhaps the Minister would like consider that.

Technology will transform the way we live; the connected communities will provide mind-boggling opportunities. Schools will be on-line; they will not only be on the Internet, but will be connected to homes so that teachers will be able—if necessary, interactively—to see what progress a pupil has made with his homework. There are various software packages to prevent children watching "Neighbours" until they have finished their homework. I do not want to be part of the nanny state, but that seems to be a profoundly good idea. Not only will children be able to do their homework, but on the same television network—using an interactive television or a personal computer—they will be able to access information digitally from the libraries, other information centres and museums anywhere in the world.

There will be a transformation in the way we live in our communities. Not only will we be able to work more at home, but we will be able to receive greater information and educational opportunities. I spent quite a lot of time ensuring that the Dearing report would stress how technology would transform higher education and its delivery. I spent much time on that when I was a Minister, even though I was at the Department of Trade and Industry—we did not pay any attention to departmental boundaries.

It is perfectly obvious that we need to consider not only the massive skills base and the use of technology in our universities, but how the universities' relationship with their students can be structured differently. In the technological age, universities have other dimensions; we do not need to bring students together in one central position in every university. I pay tribute to the work of the Open university and the way it has pioneered distance learning. We can also have diffused campuses. All such matters must be taken into account if we are to be able to afford to allow all those young people who wish to go to university and higher education centres to do so.

Technology will transform not only the way we live, but the way we learn. It will also transform our leisure time. Interactive games are often dismissed by the purists and IT snobs, but they are one of the great pull-throughs of interactivity. It is fun to play a game against a computer; it is even more fun to play a game against several other people, simultaneously, anywhere in the world. My teenage sons have taken a greater interest in that aspect of computing than I might have wished, but interactivity leads to other skills that can be learnt for interrogative educational purposes. That is another aspect we shall have to study extremely closely.

Other implications have not been properly thought through—certainly not in many of the debates that I have heard in this country, although they have begun to emerge in the United States. Information technology has now reached a stage where we simply do not understand the impact of the advances in the semi-conductor business on the rest of society.

Alec Broers, the excellent vice chancellor of Cambridge, gave a telling anecdote. He said that if the motor industry had advanced at the same rate as the

semi-conductor industry over the past 15 years, the 60-mile journey from London to Cambridge would take a second; it would need only a teaspoon of petrol and the 20p parking fee at the other end would be greater than the cost of the car. That is mind-boggling, but it is not an unsustainable observation.

We have not fully appreciated the transformation in the rest of our lives that will result from the advances made in the semi-conductor industry and the ability of micro-processors to store information in our computers. The computers that most Members of Parliament have on their desk tops are more powerful than the on-board computers of the Tornado aircraft. The ability to access information is staggering, yet it has not yet fully impacted on other aspects of our life—but it will. It will certainly have a big impact on transport, as global positioning becomes part of our everyday life. At any given moment in a car we will know where we are and where others are so that we can avoid traffic. Information can be flashed, via satellite, to roadside signals warning of disturbances ahead, such as traffic jams. Those aspects will rapidly become reality and, through the foresight programme, many other ideas will be picked up by industry.

New technology will transform our lives; it will also transform economics. Economics has not made a proper shift towards what some larger companies realise will be inevitable. The global economy means that companies will have to restructure themselves and will no longer need the same sort of physical proximity to each other and members of the company—they will be able to communicate electronically and digitally. Employees in remote areas will be able to participate in video conferences. Information can be distributed rapidly. Rural communities can use satellites with a large footprint to enable not only information download but mobility.

Companies will change and politicians have to realise that economies will be increasingly open and responsive, not closed. It will no longer be easy for them to respond to Government intervention. In those circumstances, the idea that a Government economic policy based on the nation-state principle is likely to be the model for the future is hugely misguided. We can already see what has happened on the foreign exchanges, where there is instant movement of money.

The instant movement of information has political as well as economic consequences. As companies change the way in which they work, economies will change and we will inevitably have more global trade, regardless of individual Governments' attempts to restrict it. Politics will also change because Governments will have less influence on the movement of information, goods and services. That creates problems, including fiscal problems. Someone can avoid, not necessarily illegally, the imposition of tax because he is able instantly to source materials from other parts of the world. It is now possible to buy any book or CD of music on the Internet, and national boundaries are becoming irrelevant.

In an interesting speech the other day, President Clinton said:

> "In many ways, electronic commerce is the Wild West of the global economy . . . Our task is to make sure it is safe and stable terrain."

I do not remember the wild west ever being a safe or stable terrain. President Clinton was either mixing his metaphors or being over-hopeful. I suspect that, between Governments, we still have a few battles at the OK corral to come. There will be some fairly vicious fights as Governments realise that the control and powers that they had previously taken for granted are slipping away. In those circumstances, as control slips away, there will be territorial battles and attempts to reimpose different controls. There will be exchanges between Governments which will create new rivalries. We are beginning to see that now in Internet data protection. That has a profound impact. The EU and United States have been at odds on the matter this week. If, for example, the EU refused to allow certain data to be transmitted to countries which they did not recognise as having the same privacy laws as those within the EU, there would be battles between what at present appear to be established trading partners. Given that privacy is important, I believe that the Minister will find the matter firmly on his desk in the coming weeks.

Mr. Battle: I did not have the opportunity, because I wished to curtail my remarks, to mention the ministerial conference in Bonn earlier this week. It involved not only the EU but the Americans, Japanese, Canadians and Australians. A declaration was published at the end of that conference, which will be available in the Library. Some tensions between America and Europe were perhaps exaggerated by the media, but some of the themes outlined in my speech, including confidentiality and a clear legal framework, were raised at the conference. It took the debate helpfully forward. Those matters need to be dealt with further in the Council of Ministers. I hope that the hon. Gentleman and his colleagues will find the declaration helpful in taking the debate forward. We need to keep the debate moving.

Mr. Taylor: I shall certainly look at the declaration with great interest, but I predict that one declaration will not resolve the problem.

Another problem is intellectual property regulation. Certain countries in Asia which have enormous potential are held back by their failure to grasp the problem. The failure to safeguard intellectual property causes countries from the more developed world not to invest as much there as they otherwise would. It is a market distortion.

Security is another problem. The Minister touched on the big argument about encryption and whether heavy encryption can be exported from the United States. The battle is much more complex than simply whether encryption should be exported. There is a battle between Governments. I am the Minister's predecessor so I understand the problems that he will face. Governments need from time to time, subject to the laws of the country, to keep an eye on material that might be passed across the digital networks connected with terrorism, drugs or crime in general. Governments must balance their need to do that against the desire for open speech and freedom of communication. That is very much part of the debate in the United States, where only in the past week the Supreme Court has changed the rules on decency, which President Clinton thought he had enshrined in a Bill that had passed through Congress. Those battles will be enjoined and they will touch on some sensitive matters between Governments.

I was delighted that, after pitched battles, we managed to get 1 January 1998 as the date by which the EU will have liberalised telecommunications. There is a danger of former Ministers sounding rather pompous, but I am

[Mr. Taylor]

trying to flag up the issues of concern. I am profoundly concerned that liberalisation without proper regulation is not liberalisation at all. If one moves a previously market-dominant company into a liberalised background, but does not watch interconnection charges, one is not liberalising. The test of liberalisation is ease of market entry. That will be another international squabble which will grow. In those circumstances—some of my colleagues ought to shut their ears to this—the EU has a profoundly important role to play. Karel van Miert is one of the most important Commissioners, and in some ways I wish he would exercise his powers under the treaty of Rome with even more gusto. There will be a real need for intervention on competition grounds to ensure that market access for our companies in the rest of the EU is open and that access is properly rewarded by their ability to obtain customers and contracts and access to existing networks as well as to build up new ones.

There are other factors to watch. We must ensure that what countries call easy access does not mean that there is no real incentive to invest in the infrastructure in the first place. I will not bore the House any longer on this subject. It is complicated. There must be a regulator and it must not be the department of trade and industry of any particular country. It must be separate. Once the rules are set, they need to be stable.

I take as an example a country that is well away from Europe. India has the most sensational potential in telecommunications and the information society. I shall not go into all the reasons for its failure to realise that potential because they might be libellous. One of the reasons is that the regulatory arrangements were not put in place at the time of the auctions for the telecom circles, so it was difficult for companies to know how much to invest because they were not sure of the framework in which the investment would have, over a long period, to gain a proper rate of return. India missed a trick. Of the 900 million people in India, fewer than 1 per cent. have access to a telephone. That is extraordinary. The potential is phenomenal, but intellectual property law and stable regulation are two of the preconditions for access to the information society. Companies want to help and to invest, but the Indian Government in return must make an effort to remove the worries about those two issues.

I do not believe that all that I have said and all that has been discussed in America recently has fully impacted on those people who prepare papers on foreign policy. I suspect that foreign policy will change. The way in which countries interact with each other will be affected by the opening up of societies, the need for information to be secure and the need for content to be garnered from wherever in the world and then protected. Content is the great driving force of the information society. I commend to the House some of the articles that have begun to appear on the subject. There was one in the spring 1997 edition of *Foreign Policy*, an American magazine, by Daniel F. Burton, Jr., a vice president of Novell. The article is remarkable not so much for its profundity, although it is interesting, but because it appeared in *Foreign Policy*. It is headed "The Brave New Wired World". The Americans are realising that information technology will influence the way in which they behave. We in the United Kingdom had better watch out. The article refers to the power of the United States to play a defining role in how the world economy and politics develop because it has

> "a towering software presence, a world-class hardware business, a dynamic content industry, a telecommunications sector that is rapidly being deregulated, a strong venture capital base, flexible labor markets, and an unparalleled university system."

The United Kingdom has the same benefits. We share with the Americans the English language. They have modified it slightly as they have developed it, but I am generous enough to say that we share it.

The point of the article is to show that new relationships will be built on those assumptions. To exert influence and power in the world, it is necessary to have a level of excellence in each of the areas that I have just mentioned. Much will flow from that and it will have a big impact on the debate about how a country maintains its security in the widest sense of the word, bearing in mind the fact that information is one of the greatest assets that it needs to protect.

It is important to consider how a country can protect its wealth, because wealth no longer respects national boundaries. If a country is to be powerful, it must be able to attract and retain businesses, particularly value-added high skills industry. That will impact also on how a country protects its culture. If we are not careful, we will find that other cultures will begin to dominate. That is less of a problem in our eyes perhaps than it might be for the French because of the Anglo-Saxon nature of many of the developments that have taken place. Nevertheless, we must be careful to ensure that we are as active as possible around the world. We should encourage things in which we have a lead. For example, the role of the BBC World Service is important to the way in which we protect our culture. I do not want to encourage the Front Benches to get into a debate with me about that. I am not trying to discuss historic policy decisions, I am merely noting that I believe that the BBC World Service has an important part to play.

It is important for us to be clear about what satellites are going up and what access there will be to them. We should also be clear what role British companies or British-based companies—which is not the same as British-owned ones—will play. What role will we play in international negotiations about access? How do we plan to react to the development of low earth orbit satellites systems such as Iridium? Are British companies playing a part in those operations, such as Teledesic and all the others? They will all have an impact on access to everyone's desktop computer and everyone's mobile telephone.

What indigenous inward investment are we trying to encourage? What about exports, such as the excellent work of Motorola on GSM digital telephones and the work that Nortel has done with Energis on wrap-round optical fibre systems for power lines? As a result of that work, telecommunications can be combined with the power system.

Such questions will determine whether Britain will have a leading role to play in the world rather than the more traditional one on which the House has previously concentrated. If we think that such developments will impact on everything else and leave politics alone, we have another think coming. I took part in a cyber debate during the general election campaign with the producer of

the cyber debate for the National Children's Home. I believe that about only a few people took part or paid any attention to it. That was hardly earth shattering or a way of transforming the outcome of the election. It was a small taste, however, of what will become part of everyday life in the next general election campaign.

In the United States, during the July election campaign, the Republican party in America announced that the press should hold their front pages and take a deep breath because it intended to make a big announcement in the following week. Everyone tried to guess what it might be—it was a remodelled page on its web site, which was done to capture the imagination of the American people. I do not recall that the front page of *The Times* was held back when the Conservative party remodelled its web site during the general election.

At the next general election, between 8 million and 10 million people could be using the Internet and more will probably have some connection to it. Businesses will be wired up and many people in the constituencies will be used to using digital television. The politics that does not pay attention to that will be the politics of losing. We must shake ourselves up completely.

I hope that the next time we have a debate on the information society there will be some keen young people bursting to debate it because they realise that there are some profound conclusions that they need to draw to the attention of their constituents. I hope that they, too, will appreciate that those conclusions will affect the quality of life of this country and our position in the world.

11.44 am

Dr. Ian Gibson (Norwich, North): I can be relatively brief because it is clear that the hon. Member for Esher and Walton (Mr. Taylor), who is extremely knowledgeable, has a vision which is largely shared by Labour Members.

I should like to recount one or two of my experiences relating to the information society. I was the dean of a large biology department in East Anglia where it took me four years to get the intellectual elite to e-mail each other regularly. The difficulty was that they were not computer literate and, unlike our young people, had not been trained on computers. The only way I managed to get them to use computers was by banning memos and by asking the secretarial staff to refuse to send those individuals any information. It was amazing how, overnight, those people got computers on their desks and became versed in them.

My other endeavours relate to cancer research. The discovery of the DNA sequence from a laboratory in Australia or wherever in the world has been of key importance in advancing research. I am of a mind to ask for the DNA sequence for Euro-scepticism because it sounds as though there may be a joint interest in patenting that.

I am also interested in what people find out from their experiments. If someone is conducting an experiment in Cincinnati, Ohio, I can know the results—I assure hon. Members that there is still collaboration in research—within a matter of hours. One no longer has to send to the United States those terrible blue airmail letters with which we all grew up in the 1970s. Nowadays, with e-mail and similar connections, the fast transmission of scientific facts is most important for advancing scientific research.

If we want to know what effective treatments patients are receiving in various hospitals in any part of the world we can get that information up on our screens quickly. That means that the best and most effective treatments can spread around the world quickly.

I endorse everything that the hon. Member for Esher and Walton said, but I would also say that, with regard to biomedical research, we need to wake up in this country and ensure that everybody is trained, versed and confident in using new technology. In that way, the brave new world of which we know we will be a part will come on us much quicker. Once again, I endorse what the hon. Gentleman has said and I am sure that the Labour Government will take on his suggestions soon.

11.46 am

Mr. Nigel Jones (Cheltenham): I welcome the Minister for Science, Energy and Industry to his relatively new responsibilities. As the hon. Member for Esher and Walton (Mr. Taylor) has said, he has the best job in government. I wish him well in the task ahead and I am sure that he will bring to the job his usual enthusiasm.

I also welcome this early debate on the information society. In common with the hon. Member for Esher and Walton, I regret that a few more hon. Members are not present. I thank the hon. Member for his contribution. He and I took part in the National Children's Home cybernet debate during the election, which was a fascinating experience. We also did one or two others. The hon. Gentleman told me that he intended to ramble on; he did not do that, but gave one of the best speeches that I have heard in the five years that I have been in the House. I compliment him on that and the work he did in the previous Government. I hope that we will hear from him on many more occasions.

Hon. Members will be aware that, before entering the House, I spent more than 20 years in the information technology industry. As a former member of the Select Committee on Standards and Privileges, I should mention that I have declared in the Register of Members' Interests that ICL and Telewest have kindly lent me some of their state-of-the-art technology. I thank them for that.

There is a lot of comment, much of it exciting, some of it hype, and a lot of it downright ill-informed, about the information revolution and the information society in which we will live. Much of that society is based on British invention, including, for example, fibre-optic technology. Like it or not, that revolution is here and there is no way in which we can stop it. As I have said in the House before, the invention of fibre optics and the information age will have an impact as dramatic as that of the invention of the pencil.

The merging of computing and broadcasting technologies in the digital age will offer mankind both opportunities and significant dangers through changes in the way we live. There are huge opportunities for government, both central and local, to improve the services they deliver to the citizens of our country. I want to emphasise one point, which was referred to by the Minister—the right of every citizen, wherever he or she might happen to live, to access the new services. Universal access must be the key phrase.

There are two parts to the information society—the infrastructure that we need to put in place and the services that the infrastructure will deliver. Many of us are familiar

[Mr. Nigel Jones]

with the sight and inconvenience of cable companies digging up roads and pavements in our constituencies to install the green pipes that will deliver communication services, 57 channels of entertainment and, I hope, a bit more.

The information super-highway could and should revolutionise our lives. At the moment, we are scratching at the surface of what it can deliver. There are concerns about band width and the amount of data that can be squeezed down the pipe. It may not be sufficient for the two-way moving picture services of the future.

My hon. Friend the Member for Kingston and Surbiton (Mr. Davey), who popped into the Chamber earlier, is concerned that the good people of Kingston, having suffered the inconvenience of having their streets dug up once, may have to suffer it again so that the right technology can be put in place.

There was a significant problem with the previous Government's policy on infrastructure. They were right to encourage competition, but they were wrong to ban British Telecom from transmitting entertainment services. They were also wrong to let franchises only for the installation of cable in lucrative city and town areas. That cherry picking has left rural areas out in the cold and out of the information revolution. I appreciate that radio frequencies—microwave technology—can be used to get into the rural areas, but the previous Government's policy created a new category of poor, the information have-nots. Indeed, the ban on BT broadcasting live services was the equivalent of shooting Linford Christie in the foot at the start of the 100 metres. If we have a world beater, we should encourage it, not discourage it.

The cable companies and BT are the key to installing the infrastructure for the information super-highway. A report from the House of Lords entitled "The Information Society Agenda for Action in the UK", published on 23 July 1996, recommends that BT, Mercury and other public telephone operators should be allowed to provide and convey broadcast entertainment services by 2001. I want the Government to tell us at some stage, not necessarily today, whether they will allow that to go ahead so that BT can help us to get the infrastructure in place.

There needs to be a national plan to ensure that everyone who wants access can get it. It is all very well for our great cities and large towns to make use of new services, but rural areas should have the same facilities. Rural areas of Gloucestershire, Devon, Cornwall, Scotland and Wales should be as much a part of the future as our cities and towns.

The principal recommendation in the report was for a national information society task force, modelled on the United States advisory council on the national information infrastructure, to bring together all the private and public sector players to give a clearly focused lead in moving the UK rapidly into the information age. The previous Government were satisfied with the existing diversity of consultative bodies, but I hope that the new Government might adopt the report's recommendation.

There is far more to the information society than 57 channels of entertainment. As we heard from the Minister and from the hon. Member for Esher and Walton, it will have a profound impact on the way we work and live. With the digital age, computing and broadcasting technologies are merging, and Britain is uniquely well placed to make a success of that change. We have superb engineers to design the communications hardware for the information age. Our software scientists are the best in the world—and I speak as a former software scientist.

Britain is a relatively small country, but our broadcasts have a reputation for excellence and we have the English language. If we put all those together, we see that Britain has a unique opportunity to create wealth and jobs in the new technology industries.

The Internet of today is not a super-highway. The super-highway envisaged by Vice-President Al Gore and my right hon. Friend the Member for Yeovil (Mr. Ashdown), who is very well up on these matters, is a broad band system that allows high-definition pictures in both directions and text to travel from any point on the super-highway to any other point. Businesses will use the technology—some already are—to promote their services. Holiday companies will offer a see-before-you-fly service, which I am sure the hon. Member for South Dorset (Mr. Bruce) will be keen to view.

Mr. Ian Bruce: I am grateful to the hon. Gentleman for advertising south Dorset. I am sure that he has been to Weymouth and Portland and seen our wonderful coastline. Of course, we can already dial up the Internet to find out what is happening in Weymouth and Portland. I hope that everybody listening to this debate or reading it in *Hansard* will do so.

Mr. Jones: The hon. Gentleman has one of the most beautiful constituencies in our wonderful islands.

Estate agents will provide a multi-media conducted tour of the home of tomorrow from the comfort of the armchair in the home of today. Because there will be point-to-point access, a colleague will be able to call and send a document, a press release or the 3D image of the building one is designing so that we can make last-minute adjustments.

There is some evidence that companies will locate where they can have the best information infrastructure, as well as the best road, rail and air infrastructure. Soon, access to central and local government services will be available in the home. I have a vision that on a Sunday afternoon, when the football is boring—I will not say which team might be playing—I will be filling in my tax form, pressing a button and sending it off to the Inland Revenue, without the prospect of all those letters coming back asking for more details on this or that.

Mrs. Gillan: Did the hon. Gentleman have an opportunity this week to see the exhibition in the Upper Waiting Hall? It showed that tax forms are already available on the system, although we cannot yet send forms directly to the Inland Revenue. That progress was made under the previous Conservative Government, and I think that they should be applauded for it.

Mr. Jones: I am quite happy to applaud the previous Government for the progress that they made, and I even know some of the people who worked on that system at the Inland Revenue. However, I should like further innovation. We should, for example, be able to select a character on the screen to act as a guide. One could

perhaps select Rory Bremner to ask questions on one's tax return, possibly making the experience more enjoyable than it is now.

All those governmental systems should be delivered to the home. Citizens advice bureaux have already been mentioned in the debate, because they certainly have a role to play in those systems. Andrew Banfield, who runs the Cheltenham district CAB, told me that Cheltenham is one of six CABs in England piloting direct access to Government forms via the Internet.

Mr. Ian Taylor: I apologise for intervening after making such a long speech, but the hon. Gentleman has raised a crucial point. One of the reasons why we currently cannot directly file our tax returns but must go through a recognised intermediate is the need to verify data and the sender's identity. That is why I established the National Smartcard Forum. I am very keen to encourage smartcards, and I know that my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan) is also very interested in the subject. We must grasp the nettle on that matter, or we will slow the rate of progress in improving direct access to Government services.

Mr. Jones: The former Minister has raised a very important point. I would not like the hon. Member for South Dorset, for example, to send in my tax return, and I am sure that he would not like me to send in his.

Mr. Battle: It depends on how big they are.

Mr. Jones: I am sure that the return of the hon. Member for South Dorset is much bigger than mine, and I am sure also that he would like me to pay his tax. We will, however, have to talk about the issue of data verification. The hon. Member for Esher and Walton started the consultation process on the issue, but we still have some way to go.

The CAB is an ideal organisation for introducing information systems in a user-friendly form—in their homes—to the largest possible number of people. Such progress will enhance the lives especially of disabled people who cannot get out much, who will benefit from technology by being able to access the services that they need.

The Government have a responsibility to ensure that everyone who wants them can gain the skills necessary to use new technology. That will involve ensuring not only that the infrastructure extends nationwide but that there is no financial barrier to gaining such skills. People in schools, colleges, universities, libraries, village halls and at home must be able to gain access.

Every school pupil should have access to information technology, not only so that they can learn about word processing and spread sheets, and find their way around the Internet but to prepare them for life in the information age. If a person at school today does not develop the skills to use the information technology that will pervade everyone's life, they probably will not be able to get a job.

A previous Secretary of State for Education and Employment made encouraging noises about linking schools and colleges in the same way as super-JANET links universities. There has already been some banter in this debate about the ideas that the Prime Minister expressed when he was Leader of the Opposition. However, like the hon. Member for Chesham and Amersham (Mrs. Gillan), I suspect that some of those ideas—fine though they were—have not yet been fully thought through.

There is a problem in education across the United Kingdom, not least in my own county of the Gloucestershire. School budgets have been cut annually because of the fatally flawed system of standard spending assessments. If we fail to invest in education now, we will rear a semi-skilled generation that is unable to compete in the world.

Some wonderful pilot schemes are being operated in schools across the country, and they started under the previous regime. In my own constituency, Arthur Dye primary school is now linked into Telewest's system. Telewest piloted and paid for the project, for which we are extraordinarily grateful. The school has an Internet terminal, and the head teacher has told me that the project is already having an impact on children's behaviour. Children not only come to school early but they do not want to leave at lunch time to kick a ball around the field. They also stay late after school so that they can get their hands on the kit.

Another primary school in my constituency, Sir Thomas More Catholic primary school, has received sponsorship from Texaco and has given each member of its top class—the 10-year-olds—a small hand-held computer. The children take their computer home to do their homework. I saw some of the material that they have produced using that pilot system, and it convinced me that we should expand such systems to every school and to every child, so that they can all have access and own their own equipment.

Tomorrow, I will launch an information technology project at Wolvercote first school, in the constituency of my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris). Southern Electric has donated six computers to that school. They will join another computer donated by Huw Price, the managing director of BitbyBit, a local software company. BT has kindly provided free access to the Internet for a year. These are all private sector initiatives, but there is a need for some Government pump priming, too.

My party leader knows I believe that every child should be given a personal computer at the age of 10. The cost would be considerable if it were to come from Government funding alone. About 600,000 children reach the age of 10 each year. I asked some computer manufacturers to give me a quote and, although the figures varied, one company suggested that it could supply 600,000 children with a machine of their own for a total of £200 million. That sounds like a bargain to me—it would mean one tenth of a penny on income tax. I am happy to discuss with the Minister the possibility of developing a policy to supply every young person with a PC.

I said that new technology was a source of dangers as well as opportunities. There has been much media coverage of the security of sensitive personal information, and there is concern about the use of the Internet by terrorists, paedophiles and other law breakers. However, a much more urgent problem is that of the year 2000, known in the trade as the millennium time bomb. The problem was created by the information technology industry, and now has to be fixed by the industry and its customers, but time is ticking by.

[Mr. Jones]

There are now fewer than 900 days until the millennium. In May this year, the National Audit Office produced a report called "Managing the Millennium Threat". A task force to consider the problem has been set up in the DTI, but, to my mind, it is not getting the job done as it should.

On 10 May this year, the *Financial Times* published a letter from Maurice Fitzpatrick, the head of economics at Chantrey Vellacott. He said:

"One point seems to have escaped commentators' attention—namely the cost to the public sector of sorting out its computer millennium problem. Taskforce 2000, the body sponsored by the Department of Trade and Industry to raise awareness of the problem, estimates the cost of sorting out the public sector problems at £7bn . . . If these figures seem high to a cash strapped Government, try estimating the cost of not sorting out the problem."

There could be disasters across a swathe of local and national Government Departments; for example, national health service computers could crash, and drips beside hospital beds are now controlled by microchips which need to be checked. Maurice Fitzpatrick said that there were fewer than 1,000 days to the millennium—there are now fewer than 900—but, in any event, the Government need to find the necessary resources to sort out the public sector problems.

Mr. Ian Taylor *rose—*

Mr. Battle: The hon. Gentleman is speaking from the Dispatch Box now.

Mr. Taylor: One speech and I am promoted again—it is a wonderful feeling.

I want to underline what the hon. Member for Cheltenham (Mr. Jones) says about the year 2000 problem, but there are in fact fewer than 900 days in which to sort it out. I am afraid that for most companies and Government Departments the matter will come to a head a long time before the millennium. It is clear that companies that have audited and corrected their systems will refuse to deal with companies or Government Departments that have not done so. The issue will be whether a company or Department can guarantee that its software, hardware and embedded chips are millennium compliant, and whether that can be guaranteed to a third party. If not, within a matter of months—certainly by 1998—it is likely that that company or Department will be cut out of the supply chain.

Mr. Jones: I absolutely agree. Companies and Government systems need to be millennium compliant at least by December 1998 so that they have a year in which to sort out the problem. The problems will arise before the clock ticks over to 1 January 2000. There is a suspicion that there will be problems on 9 September 1999—9.9.99. I do not know whether hon. Members are familiar with Cobol programming, but there is a system called high values that can be put into a field and puts nines everywhere. Anyone comparing dates against 9.9.99 could run into trouble on 9 September 1999.

Mr. Battle: I am grateful to the hon. Gentleman for raising that serious and important issue. We shall not resolve it here.

I notice that, after his illuminating speech, the hon. Member for Esher and Walton (Mr. Taylor) has immediately moved to the Front Bench to speak for the Opposition. I welcome him back to that post. I should like to pay him a compliment. It is common practice that the Government are not allowed to see the letters of the previous Administration, but I know from a letter in a computer magazine that the hon. Gentleman wrote to, I think, 130,000 companies encouraging them to take the issue seriously. He added at the bottom of the letter that he hoped that replies would be piling up on my desk. I am saddened not to have had many replies.

I can only allude to the letter, because I have not seen it, but I should like to underline what it said and what the hon. Member for Cheltenham (Mr. Jones) is saying. I hope that companies throughout the land will take the issue seriously. If they do not act now, they could pay a high price and even be put out of business.

Mr. Jones: I thank the Minister. This is the most serious problem facing business today. If we do not sort it out, companies could go out of business.

In recent weeks, I have met several people at the sharp end of trying to solve the problem, including a member of Taskforce 2000. I do not want to be alarmist, just as the former Minister tried not to be when he gave evidence to the House of Lords Select Committee. Geoffrey Finlay of Alydaar—a company named after a former winner of the Kentucky derby, he tells me—says that there are serious problems, not just in the public sector. The private sector is also in some disarray. An independent report prepared by Spikes Cavell sums up the scale of the problem. It says:

"The IT managers and finance directors of UK companies have not yet sat down to evolve detailed strategies to handle the Year 2000 question."

The report was published just a month and a half ago, in May. It continues:

"The whole initiative is still at the starting gate. Funding requirements have not been quantified or set aside to solve the problem in 82 per cent. of organisations surveyed."

Time is running out. If people do not have their systems fixed before 2000, they could go out of business. *The Sunday Times* has said:

"Everyone should take the millennium bomb very seriously. Organisations which fail to prepare adequately will be placed at a severe disadvantage. Some will not survive . . . This is a management problem of the highest order."

I hope that business will take note and do something about it pretty quickly.

There is a problem of silence from suppliers. Someone suggested to me that it is a legal problem. Lawyers for suppliers are suggesting that the company should say nothing about the product because otherwise they will be liable. We have to do something about the millennium problem, because fixing it will require a partnership between suppliers and the people to whom they have supplied the products.

There was an appalling report, which I hope is not true, in last week's *Computing* magazine about IBM's strategy for 2000. It says:

"An internal IBM document seen by *Computing*, and confirmed by sources at IBM as originating from the company, alleges the company is only targeting a few large users with near-complete year 2000 solutions.

The document further alleges that IBM has made 'no direct attempt to provide a comprehensive solution that is year 2000 compliant' for the majority of customers and will not guarantee a fixed price or complete solution. An IBM spokeswoman confirmed that IBM had separate strategies for mainframe and other users: 'We rely more on partners when dealing with smaller users'."

I should like IBM to clarify the position because it is the biggest supplier in the market.

Mr. Ian Bruce: The managing director of IBM wrote to me yesterday totally denying that story. I have no brief to speak on behalf of IBM, but I must point out that the company mentioned that all the information it has on how to get rid of these problems is being published on the Internet. It is taking a major role in trying to help people. The article is the usual journalese. It says that an IBM spokesman confirmed that the company had two strategies, one for big users and one for little users. Any sensible company would have two strategies.

Mr. Jones: I am grateful for that intervention. The Government must take action to ensure that public systems are millennium compliant, but the private sector must take action, too. That involves suppliers and their clients working in partnership to overcome the problem.

This has been a fascinating debate. There are great opportunities in the new information society. There will be hiccups along the way and there will be challenges for us all, but it is an exciting time to be alive. We must make the most of these opportunities and I wish the Minister well in his efforts.

12.15 pm

Mr. Denis MacShane (Rotherham): This has been an important debate which, sadly, has been poorly attended. One of the problems with parliamentary practices is that we do not always flag up these debates sufficiently ahead of time to generate the necessary interest. Our parliamentary technology is desperately lagging behind what is necessary for Members of Parliament. If I can transmit that message to those responsible for parliamentary technology, my short speech will not have been totally wasted. One must remember, however, the old cliché that the best way to keep a secret is to make a speech in the House of Commons.

The difficulty with the whole information technology debate is that although we are submerged in information, we do not often know what is going on. I receive tons of e-mail, but it does not necessarily tell me anything. All the techno-nerd clichés of the world will not replace the fundamental need for education in the use of information technology. In the context of education, clear and precise language is needed. Unless we restore clarity and rigour in our language, information technology could pile up, one cyber-nerd connecting with another into eternity, without our advancing much further.

A small warning that I put to my hon. Friends and to Opposition Members who have taken part in the debate is that we should not over-worship the power of the English language, powerful as it is. The point about new technology is that it will enable many other languages to retain their character because as technology allows interpretation to take place automatically, it will preserve the integrity of other languages. I welcome that because the world must remain culturally diverse. Although I am delighted that I was brought up speaking English—I have tried to maintain that practice—the fact remains that other languages have their rights. Clarity of language is necessary.

I was reading Macaulay for a debate this afternoon with Lord Hurd—one has to read Macaulay early in the morning before entering a debate with Lord Hurd—and I came across a sentence relating to the last great period of Tory rule in the late 17th century. Lord Macaulay said:

"The people of England saw harlot after harlot, and bastard after bastard, raised to the highest honours of the peerage."

I am not sure whether that is parliamentary language, but it may be relevant to debates about the descendants of the people to whom Lord Macaulay referred who seek to thwart the will of the British people. While I am not suggesting that there should be gatekeeping for unparliamentary language, it is rather odd that when I quote from a famous essay by Lord Macaulay that raised not an eyebrow in the 19th century, the language sends a frisson around the Chamber.

Let us have the clearest possible use of English—the strongest, sturdiest, most vigorous use of English—as we set about our information technology policy. It really is vital. In opening the debate, my hon. Friend the Minister made many important points about the centrality of information technology for the new economy.

In my constituency of Rotherham, a software firm called Chrysalis has grown from two men and an idea into a firm employing 35 people making advanced video games that are sold overseas. One would not even notice the company as one drives round that great steel and coal town; it is tucked away behind the high street opposite the town hall. However, it makes a great deal of money and adds real value to the economy. That is the future for my constituents.

Even in the steel plants in Rotherham, most of the workers sit in computer sheds using technology where once only brute force and craft skills were required. New skills have been added and constant training is required. That is the way forward.

References have been made to encryption technology, which is also vital. Henry Stimpson, the Postmaster General in America in 1929, when asked whether he would authorise the bugging of mail, said that gentlemen did not open other gentlemen's letters. Certainly the CIA and the other buggers have moved on from that.

The taxation system is based on information, so when it goes into cyberspace, cyber tax evasion will become a reality. The problem of privacy will require sensitive thinking. It will be solved not by technology, but by clear thought, analysis and debate. I, too, pay tribute to the hon. Member for Esher and Walton (Mr. Taylor) and the excellent work he carried out in office. He said that there may be distinct points of view between the European Union and the United States and we cannot have a single cultural, technological model.

Mr. Battle: My hon. Friend has a clear and refreshing approach to the English language in the House and elsewhere. In the light of his comments about language and clarity, it strikes me that it is easy to get locked into computer acronyms and special terms. Many people still think that a floppy disk is a frisbee, so we have to get

[Mr. Battle]

away from technical language so that people are no longer afraid of the technology itself. Only a computer specialist would turn the simple word "stop" into a technical term.

Mr. MacShane: I very much agree with my hon. Friend. I remember feeling very sorry for the hon. Member for South Dorset (Mr. Bruce) when he was about to speak during Prime Minister's questions about a year ago. He was referring to an important European initiative called EURIM. In the hubbub, most hon. Members did not hear EURIM, but something that sounded similar and the important point that the hon. Gentleman wanted to make was lost. I am glad that he was standing up, not me. So clear language and an end to acronyms are vital.

My final point is relevant to today's debate and today's news agenda. It is the natural instinct of Conservatives to hoard and guard information. I believe profoundly that one measure that has been missing from the statute book for many years is an effective freedom of information Act. As someone who has been active in the Labour party for some years, I deeply regret that the Labour Administration of the 1970s did not grasp the nettle. If they had, we might have been governed in the 1980s by different and fairer means. Access to information is a contribution that the Government can make to the whole debate—not access to press releases or spin doctors' briefings, vital as they are. Indeed, I have done my spinning and written press releases in my time.

We will need effective freedom of information legislation. It has to extend beyond central Government. I believe profoundly that it will have to cover councils because they spend a great deal of money. It may have to extend to quangos and, indeed, to City boardrooms and trade union council executives because the better the provision of information, the stronger the chances of creating the one-nation partnership economy in which I know many of my hon. Friends believe.

The hon. Member for Sevenoaks (Mr. Fallon), who is now absent from the Chamber, showed through his speech that five years of earning an honest crust has not brought him into the 1990s. His remarks on the British Airways dispute showed that, like all Bourbon ex-Members of Parliament, he has learnt nothing and forgotten nothing.

I suspect that the BA dispute and others will be resolved if both sides of the industry make full information available. I very much hope that, having heard the excellent conciliatory approach of both Mr. Morris and Mr. Ayling on "Today" this morning, that dispute can be settled. If British Airways is to become a great international success in full partnership with its employees, as I certainly hope, it will need to extend information. Similarly, the trade union will have to extend information about its thinking to avoid any other conflict.

Freedom of information legislation is necessary. We need to get it right. Consultation must begin. We have examples in other countries and there are other draft Bills. The legislative timetable is crowded, as we know, but I think that many Labour Members and many members of my party would be very disappointed if, at the end of this Session, an effective and workable freedom of information Bill had not passed into law. If one likes, it is a question of ensuring that the hackers of the world—the Jim Hackers and not the Sir Humphreys—win.

12.26 pm

Mr. Ian Bruce (South Dorset): I am very grateful for being called in this important debate. It is good to follow the hon. Member for Rotherham (Mr. MacShane). I am very glad that he correctly referred to the information society and interpreted it widely. If we are talking about society—if Labour Members believe that there such a thing—there is obviously an information society.

I should like to translate what the hon. Member for Rotherham said for his hon. Friends on the Front Bench. Obviously, he was trying to stay on-message while giving a very clear message that he did not believe that what the Government are doing concerning a freedom of information Act is correct. I am sure that he will jump to his feet to correct me if I am misinterpreting what he said. It is interesting that one often tends to make interventions—certainly when one is in government—in order to give coded messages to one's hon. Friends on the Front Bench.

I was rather disappointed by what the Minister said about the information age. He took rather too narrow a view of his brief. I am glad that both the Minister and the Under-Secretary, who have taken over the portfolio of my hon. Friend the Member for Esher and Walton (Mr. Taylor), enthusiastically agree how wide the debate is.

I was also a little disappointed that the Minister talked about digital ages as being different from information ages. He was getting a little confused about the delivery mechanisms. In fact, information is driving many things that are happening.

Mr. Battle: I am not confused at all. I refer the hon. Gentleman to the Bonn declaration, which will be put in the Library. If he had been listening to what President Clinton has been saying and had considered that, at the European Ministers conference in Bonn, it was said that we ought to address the digital age, he would realise that I was using language that the rest of the world is starting to use. We believe that we will move from analogue to digital and that it will have a profound impact.

Mr. Bruce: The Minister prays in aid President Clinton and the European Commission, who are not quite as out of touch as him in describing the mechanisms. I shall come to that in my speech.

I take issue with my hon. Friend the Member for Sevenoaks (Mr. Fallon). Nobody calls his constituency "Sevenoak". I suggest to all hon. Members that when they talk about information super-highways, they do not drop the "s". The "s" is dropped by a certain large telecommunications company, which believes that there should be an information super-highway, but when one discusses interconnecting networks the correct term is "highways". If we get into that mindset, we shall start to understand what the information revolution is all about: access to information in many different ways.

If, today, we discuss only computer technology, we shall miss the fact that society is changing in terms of how it does certain tasks. We must be careful to think about how to do the job rather than just how to deliver it.

A little has been said about big developments within the UK. British Interactive Broadcasting, which is part of the Sky empire, has been discussing how it wants to deliver services to the home. On digital broadcasting,

we have not discussed the revolution that is likely to come through a franchise for terrestrial broadcasting. BSkyB has been extremely active in that area. Although Mr. Murdoch has been a driver and a positive force in many of those technologies, he tends to monopolise them. When we talk of information super-highways and of opening up the market, however, we must ensure that the suppliers of information, particularly into people's homes via television, have ease of entry into the marketplace.

Incidentally, I do not agree with those who say that Murdoch's Sky television, for instance, has been an exclusive organisation. It has allowed many people cheap access to satellite television channels by its own charging mechanisms. One must look carefully at that.

My hon. Friend the Member for Esher and Walton was a little worried when he saw a sceptical person like me sitting in front of him, and felt that he had to apologise for discussing Europe. He had absolutely no need to do so. The most sceptical of Conservative Members believes in free markets in the European Community; indeed, we drove that forward. Europe has been dragging its heels on allowing matters to proceed on a Europe-wide regulatory basis because individual countries have been trying to keep their monopolies. One of the United Kingdom's great advantages is that it is ahead of the pack in information technologies. If this Parliament can make up its mind what it wants, regulations within the UK could become standard within Europe. America often follows rather than leads us in that respect. The Government must concentrate on maintaining that lead, which they have been given by the previous Government.

We must look at the broadcasting aspect because regulation is a nightmare and much remains to be done. We have touched on mobile telephones and on pricing, a Bill on which is now in the House of Lords. A great deal must happen for electronic commerce to work properly and hon. Members on both sides of the House have alluded to that matter already.

Many people think that the smart cards in their wallets are not part of the information age. Of course, they are. They are one of its key elements. Encryption, too, is important, as is voice management. When we make a telephone call in the future, will we talk to a person or to a computer that talks back? Those are all current developments.

The taxing of the Internet has been mentioned. Products can be bought and services can be provided and paid for internationally through the Internet. Where will they be taxed? This is a massive issue for the Government, and I am sure the Treasury will address it. We must also address it in this House. The packed Chamber today demonstrates how much interest there is among all my colleagues.

I used to be a work study engineer and, for my sins, I still look at things from the point of view of a work study engineer. Very often people talk about getting into new technology. For example, the Minister said that firms should have computers on the shop floor and, of course, computers have a role to play there. But we should be looking for appropriate technology. The first thing work study engineers are always taught is to eliminate a process altogether if it can be done. If one can avoid doing something at all—or take a step out of the process—please do so. One finds that people introducing a computer into their offices are often adding a process, rather than cutting one out. Re-engineering is important in business, life and society—otherwise one adds costs to the operation.

There was a check list for work study engineers. What are you doing? Why are you doing it? When are you doing it? Where are you doing it? How will you do it? So often people say that they will bring in a computer, and one asks what they are going to do with it. The reply is, "I want to be computerised." One must ask again, "What do you want to do with it?" Often, we do not hear what people want to do.

We have heard a great deal about the Internet and, I am sorry to say, the rest of my speech will be about the Internet. I wish to refer to e-mails. If I encourage my constituents to e-mail me—my business card has my e-mail address on it—and if I want to send that to a Minister to seek a reply without using any paper, that clearly is efficient. But I cannot do that because I do not have the e-mail addresses. We should re-engineer what we do in this place, because we ought to be an example to the rest of the world. If we cut out paper and save a few trees by e-mailing, the process could be completed in a fraction of time.

I recently changed offices, as most colleagues do after each election. Most hon Members start in a broom cupboard miles from this place and eventually move to a broom cupboard without a window in this place. I am now up to a room with a window. If I lean out and peer round, I can see the dial of the clock on the clock tower. I wanted one desk with a computer so that I had a bit of space to work on, but I did not appear to have a terminal in the office.

I rang the PDVN and I was told that I would have a direct connection into the office by July. In the interim, I could use the normal modem system. I said that I would accept the office on that basis. It was important that I was to be wired in, as I was wired in in my previous office. I know the speed of the computer on the two systems, as I have my modem linked into the PDVN via my home. I am aware of the difference in speed and the problems of printing. I accepted the office and was told that I would get the terminal by July. It has taken me two months to get an instantaneous e-mail. E-mail is wonderful—getting information to put into it is a different thing. I hope that the person who is responsible for the PDVN and for cabling up this place will read this debate. When I find out who it is, I shall certainly send him or her a copy.

I have now received the definitive answer about when my office will be linked into the PDVN by hard wiring. It states:

"I have consulted our cabling people and there are no plans to cable T2-11"—

my office—

"until Summer Recess 1999."

I know that it is not the Government's direct responsibility. I have volunteered to the Opposition Whips to serve on the Information Committee, which oversees the work of those people. I hope that the person responsible for giving me that answer will have a plan to do it this summer while I am away for the recess. It is extremely important.

[Mr. Bruce]

Incidentally, I share a corridor with my hon. Friend the Member for Sevenoaks, who will also not have a link. Indeed, the Opposition Whip who is studying new technology in the Whips Office is on the same corridor. None of us has a link.

Mr. Battle: I hope that the hon. Gentleman's remarks will not be treated as special pleading. When I came to the House in 1987, I was given a shelf on a corridor downstairs on the cloister. When I plugged my computer in directly—it happened to be a Mac, which causes even more difficulties in this place as the hon. Gentleman might well know—the authorities realised that my phone bill was larger than anyone else's because I was using computers to intranet before others did.

Let me put it this way: hon. Members coming to the House now have used computers in their daily lives and at work and need the access to be put in gear as quickly as practically possible. I hope that this debate is heard wider and further afield. It is not for the Department of Trade and Industry to tackle the matter, but I hope that the Committees that deal with information will handle it. I am delighted that under the Labour Government the hon. Gentleman at least has a room with a window.

Mr. Bruce: I am grateful to the hon. Gentleman, who started off on a shelf. Mine was special pleading on behalf of all hon. Members. There is no point in linking up those of us who have a special interest in the subject if we cannot e-mail the people we have to bully into taking an interest. We want it to be available to all. Is that not the problem? People who do not sign up to the electronic revolution and the information society cause problems because we have to re-engineer and have several different forms of information transmission.

We often discuss complicated matters and how we will provide services. This morning on television, it was noted that the centralised facility—it is called a call centre—that deals with the rail timetable is answering only 50 per cent. of calls. That is an example of the sort of simple information that we all want. That is all part of the information revolution. Years ago, the service worked well. Clearly, it is not working well now and that has to be put right. The Minister will say that he did not start that, but it is the trend throughout industry. I hope that when he talks to his colleagues in the Department of Transport, in its new bigger form, he will ensure that they are keeping a close eye on that problem, just as he will be ensuring that BT is doing its job properly in the service that it provides.

The National Association of Citizens Advice Bureaux has written to many hon. Members who have taken part in this debate about the information rich and the information poor. Those are all issues which hon. Members have to keep very much in mind. If I may offer the Minister some advice, one often hears people talking about universal service. BT is saying that universal service has a big cost, but it is the biggest selling benefit that it has. One should never subsidise BT to provide universal service because that is why the vast majority of people go to it for new and better services. That is important. Parliament must ensure that it is the watchdog and that it watches over that closely.

Although this British Parliament is by no means perfect, it has a great deal to tell the world about how parliamentarians can push forward the information society.

I see that the Minister's parliamentary private secretary, the hon. Member for Cambridge (Mrs. Campbell), who was a distinguished Chairman of the Parliamentary and Scientific Committee, is here. The Parliamentary Information Technology Committee—PITCOM—is perhaps even more relevant; it is working to ensure that Members of Parliament understand what is happening. The great advantage of that Committee, and of many other Committees that we have in Parliament, is that we invite people from outside to see and understand what we are doing.

I should have declared an interest at the beginning of this speech. Hon. Members probably know that I am a paid adviser to the Telecommunication Managers Association, a user group which takes an active interest in all such matters. It is interesting to note how many industrialists, academics and others want to take advantage of the new technology.

An offshoot of PITCOM, doing a slightly different job, is that famous Committee, EURIM—the European Informatics Market group—which we must always refer to in a rather pronounced way, so that it is not thought of us as something else. It is amazing to consider the working parties that we have set up. We have drawn up about 18 draft reports so far, and there are probably more than 20 working parties in all, examining all the different elements of what is happening in the information society.

We were astounded when a deal was announced between BT and the Labour party. The hon. Member for Rotherham spoke about freedom of information. I am seriously worried, because nobody denies that the then Leader of Opposition, now the Prime Minister, had discussions with BT—he announced the results at the Labour party conference—but the deal was denied almost immediately by the chairman of BT.

What with the Nolan committee and all the rest of it, it is extremely important to find out exactly what is happening about people who have been influential in all those matters. The Oftel director general commented on the windfall tax and came out with an extraordinary figure of £2 billion that could come out of BT. It is interesting to note that a much smaller figure has been asked for by the Treasury. One has to ask whether some other deal was done in those negotiations.

Mr. Battle: I hope that the hon. Gentleman is not challenging the integrity of the regulator. I thought that I heard a hint of that from the hon. Member for Chesham and Amersham (Mrs. Gillan) before, but I did not rise to it. We support absolutely the independence of the regulator. The discussions are with Oftel, not between the Government and BT.

Mr. Bruce: The hon. Gentleman should read *Hansard* to see exactly what I said. The regulator, totally independently, came up with the view that £2 billion of windfall from BT was doable. I have made a serious allegation—that the amount that the Treasury has decided to take from BT is considerably less. One must ask whether a deal has been done between the Prime Minister and BT.

Mr. MacShane: On a point of order, Mr. Deputy Speaker. Is it in order to make allegations against the

Prime Minister of doing a deal with BT involving £2 billion? That is scandalous and unacceptable, and I hope that, through your intervention, the allegation will be either quickly withdrawn or repeated outside.

Mr. Deputy Speaker (Sir Alan Haselhurst): As the hon. Gentleman knows, each hon. Member is responsible for the statements that he makes in the House. I did not hear any allegation against the Prime Minister.

Mr. Bruce: Thank you, Mr. Deputy Speaker. You are right to say that I did not make an allegation: I asked a question. I asked that question on radio and television, in the public domain, in the run-up to the general election. I would be happy to ask it again.

Mrs. Gillan: Did my hon. Friend happen to read an article entitled, "Labour dials a wrong number", published in *The Independent* in October 1995, which said:

"Labour is losing its competitive edge. Mr. Blair's British Telecom "deal", announced on Tuesday, was extremely ill-advised. Whether an exchange of favours between a putative future Government and a monopolistic business, or simply a gimmicky spin for conference on a sensible regulatory change, Mr. Blair has sent a worrying signal to the British consumer"?

Mr. Bruce: My hon. Friend makes my point: clearly no writ has been served on the newspaper for asking exactly the same question. I have written to the Prime Minister—at least, I have dictated the letter although I have not signed it; it will be sent in the next day or so. That letter asks the Prime Minister to publish the list of donators to his so-called blind trust. I have checked with the Registrar of Members' Interests in the House to see what advice had been given on information that should be given by Members who took money from the blind trust. The advice that was given to the then Leader of the Opposition has now altered. The problem that the Registrar had already identified is that people who donate to a blind trust can promptly tell the world—

Mr. Deputy Speaker: Order. The hon. Gentleman is allowing himself to be diverted far too far from the subject matter of the debate. He should return to the main, broad stream of the argument to which the House has been listening all morning.

Mr. Bruce: I am grateful, Mr. Deputy Speaker. The subject of the debate is the information society and my remarks concern information coming out into society. They are relevant to the subject of the debate, which is so wide that one could almost talk about anything—although I am always guided by you, Mr. Deputy Speaker, and would not wish to defy you in any way.

I have asked for the information about the Prime Minister's office fund to be published in the public domain. I was asked a question by someone who is upset about the amount of money going to the millennium fund for that great dome—it will all be part of the information age and we shall be trying to promote it. The person asked whether the architect was one of those who had donated to the blind fund. I do not know; we need that information—it is important.

Mr. Deputy Speaker: Order. I have already had to interrupt the hon. Gentleman once and he has been here long enough to know that this is a debate about the information society. The House has understood what is meant by that term in the context of the debate. If the hon. Gentleman wishes to pursue other matters, he knows that there are plenty of other occasions on which to do so, but those matters do not fall naturally within the remit of today's debate.

Mr. Bruce: I take your guidance, Mr. Deputy Speaker, and I have finished my remarks on the subject. As you will know, I was challenged on the issue via what was virtually a point of order. I am happy to leave other allegations until I have received a reply from the Prime Minister about whether he will list the donators.

I felt that in this important debate, when we had an opportunity to talk about the information society, I should devote part of my speech to an element of one of the working parties within the European Informatics Market group, which will be reporting to the Government and the European Community. The important subject of regulations on Internet content have already been raised. The regulations are relevant to the debate. The secretary of the working party, David Harrington—the secretary general of the Telecommunications Managers Association—has decided that he will not use paper. He will insist that all the minutes and the draft reports are produced electronically and put onto the Internet. The working party is currently under the chairmanship of Baroness Dean. She is also chairman of the Independent Committee for the Supervision of Standards of Telephone Information Services—ICSTIS.

I am grateful to my researcher, whom I asked to go into the Internet and obtain information about the types of Internet content regulation. The House will have to examine regulation of the Internet and decide where it is going. Although hon. Members may not be interested in the technology, many are interested in what is happening on the Internet and whether the content is harmful. There are 50 million-plus users of the Internet and the world is worried about regulation of illegal and harmful content and protecting children from it.

It is interesting to try to define what people are worried about. Clearly, certain material is illegal and its dissemination is punishable by the criminal law and outlawed for use by all sections of society, regardless of age and the medium used. What is illegal off-line is illegal on-line. Illegal content includes material related to paedophilia, trafficking in human beings, deviant pornography, racism, extremism, terrorism and fraud. Much work has already been done in the European Parliament and it has produced some interesting reports.

Other material is not illegal, but it is harmful to the development of children. It is sometimes available to adult consumers. One has to consider how to restrict access to adults. We have considered regulation at the point of origin and at the point of access. It has been said that regulation at the point of origin will not work. The Internet is internationally dispersed and it is not realistic or possible, and perhaps not desirable, to exercise control over content at the point of origin. Control can be applied at the point of access, but that does not imply that efforts should not be made to trace illegal content to its source as well as to its customers.

Technical solutions that could allow effective control over content at the point of access are not yet fully effective or universally available. Why are technical

[Mr. Bruce]

solutions so difficult and not fully effective? There are news and ratings systems on the Internet, but one gets into great problems because the news often deals with violent events and adult-oriented subjects, and news stories often end up verboten in the same way as pornography is.

Microsoft tried to edit out some material through one of its systems, but found it difficult to do so. The public nature of the Internet means that if one channel is blocked, users will find another route by which to disseminate information. The report to Members of the European Parliament said:

"the particular nature of the Internet is such that censorship is virtually impossible. If a message is blocked from passing through one channel, it can get through by another. It is, furthermore, vital to respect freedom of expression, even if this leads to repugnant extremes."

Furthermore, the world is worried about children first and foremost, as is evidenced by the recent comments made by President Clinton. He said last week:

"With the right technology and rating systems, we can help ensure that our children don't end up in the red-light districts of cyberspace."

We have to be extremely careful about that, but it is important to understand that existing law already covers so much of what appears on the Internet. The biggest problem is one of jurisdiction—the international electronic medium is physically difficult to police.

It is not impossible to provide protections. For instance, almost every country in the world has already signed up to the convention on the rights of the child. By doing so, they will ensure that harmful information on the Internet will be caught. Funnily enough, I believe that the only two countries that have not signed the convention are the United States—I hope that its other laws will cover the problem—and Somalia. It is extremely important that we consider that issue.

I know that other hon. Members wish to participate in the debate so I will conclude by saying that, in the future, I hope that we will have a debate in prime time on the information society and other related issues.

1 pm

Mrs. Cheryl Gillan (Chesham and Amersham): The debate was initiated by the Government. I believe that many observers with an interest in technology and the spread of information in society will be disappointed at the content—or lack of it—in the Government's contribution to the debate.

It is sad that the colleague of the Minister for Science, Energy and Industry, the Minister for Competition and Consumer Affairs, is not on the Front Bench, because I am sure he would have noted how the debate has been misrepresented. It has been not an information debate, but a lack of information debate.

I look to the Minister for Small Firms, Trade and Industry, for whom I have a great deal of respect, to redress the problem. I hope that she will present a serious, well-structured response to the questions that I shall ask and those asked by my hon. Friends the Members for Sevenoaks (Mr. Fallon), for South Dorset (Mr. Bruce) and for Esher and Walton (Mr. Taylor).

Opening the debate, the Minister for Science, Energy and Industry spoke for more than 40 minutes. He told us that he started his life on the shelf; I very much hope that he does not end his life there. We were given a beautifully eloquent guided tour of modern technology, but we heard nothing of what the Government intend to do. The Minister's speech was quite rightly put a little in the shade by the offering from my hon. Friend the Member for Esher and Walton. As those on the Government Benches have rightly acknowledged, he has a legendary reputation as one of the finest Members to hold the position of Minister for Science and Technology the House has ever seen.

Mr. Battle: Yes, and the Government of which the hon. Lady was a member sacked him.

Mrs. Gillan: My hon. Friend is greatly respected by the scientific and business community. He championed that community with great knowledge and to great acclaim. I advise the Minister to keep his remarks to himself and to read my hon. Friend's speeches.

The Minister's performance at a science and technology meeting upstairs yesterday was a bitter disappointment not just to me, but to many of the audience who were summoned by him. All they heard were enthusiastic ramblings, personal anecdotes and tales from Leeds. If the Minister wants to gain any respect, he will need to judge his words more carefully in the future.

I do not have respect for the Minister because at the start of the debate I asked for a reply to my written question. I accepted his apology and took it in the spirit in which it was offered. I was led to understand that he had signed a substantive answer to my question on the information society. That answer has not reached me here, and I have been either in the Chamber or within 100 yds of it all morning. The Minister has not brought that substantive answer to the House. I am happy to give way to him, because I took his apology in the spirit in which it was offered.

Mr. Battle: I am grateful to the hon. Lady for giving me the opportunity to read out the answer to her question, which appears on the Order Paper for 11 July, which I understand is still regarded as today. The question asks: "what is her"—my right hon. Friend the President of the Board of Trade and Secretary of State for Trade and Industry's—

"Department's definition of the Information Society."

The answer is:

"The Information Society is a concept encompassing the converging information technology, electronics and communications industries, their products and services and the infrastructure of the connecting networks. It involves the ability electronically to access very large quantities of information and entertainment on demand, to interact with and manipulate large quantities of data, to transact remotely and to communicate while on the move. It is a society where interactions and events are no longer determined by geographical position or physical separation. It will have a major impact on the economic and social fabric of our lives, and should be developed to create opportunities and benefits for all citizens."

I hope that that is a helpful start for the hon. Lady.

Mrs. Gillan: That oral rendering of the written answer contained more information than the Minister's opening speech. I am extremely grateful to him—it proves that he can read rapidly. He could have arranged for that reply to be delivered to me, rather than throw it so disgracefully across the Table. However, that is the sort of arrogance that permeates the Government.

My hon. Friend the Member for South Dorset made an extremely good speech. He is frustrated because he is not tuned in and turned on. I hope that that will soon be remedied. We put up with poor facilities in this House. It is certainly not the life of luxury that people might believe it to be. It is very difficult to get office space, as the Minister said. I have great sympathy with him for having had to start his life on a shelf. I started my life on a somewhat bigger shelf, but at least it was inside a room rather than in a corridor. The House needs to move into the next century. I am sure that we can agree on that, if nothing else. It is important that we make progress towards having the finest and most modern communications and technology available to hon. Members and, by virtue of that, available to the wider public and our constituents.

I feel sorry for the hon. Member for Norwich, North (Dr. Gibson), who is waiting patiently for his Adjournment debate. It will come shortly. I note that the hon. Member for Rotherham (Mr. MacShane) is not in his place. He made a speech on freedom of information which I felt was slightly off topic. He seemed to be contemplating the possibility of the Minister without Portfolio, the hon. Member for Hartlepool (Mr. Mandelson) planting chips—

Mrs. Roche: I am sure that the hon. Lady would wish to know that my hon. Friend the Member for Rotherham (Mr. MacShane) has left the Chamber to take a telephone call because his son is not very well.

Mrs. Gillan: I am grateful to the Minister for that information. I was not implying that the hon. Member for Rotherham was neglecting his duties. He has been in the Chamber all morning. I am sure that we all wish his son a speedy recovery.

There is not an area of our lives that is not touched by information technology. The information society initiative started by my hon. Friend the Member for Esher and Walton was adopted as the overall strategy of the Conservative Government, who developed it to enable the United Kingdom to take its place as a leading nation in the growth of the information society. I praise British Telecom for the help that it gave us in moving forward with that initiative.

The Labour Government have been entrusted with the continued development of the information society initiative, yet in all their policy documents produced over 18 years in opposition and two and a half months in government they have never appeared fully to understand the implications for the business climate in which we operate.

Having called the debate, I hope that the Under-Secretary will listen to some of the questions that I shall pose. I want her to have the courage to tear up her civil service speech, as the Minister did, and reply directly in the interests of the population, which the Labour party claims has given it such a great mandate. Anything less than direct responses to my questions will be a clear sign that the Government can only carry forward the well-laid Conservative plans and that they have failed to consider the challenges posed by the rapidly changing face of technology.

I should like to start by paying tribute to the Cabinet Office's central IT unit. Today is the last day of its week-long exhibition in the Upper Waiting Hall, which has been mentioned several times in the debate. My first question for the Minister for Small Firms, Trade and Industry is how and with what resources the Government Direct programme will be implemented. We have the prospectus that the previous Government produced on it, but I should like her to tell us how the Government plan to install the networks and equipment displayed in the exhibition.

While I visited the exhibition, it became clear to me not only that the technology is available and will present no problem, but that the problem will be with government. The Government must work on a cross-departmental basis to maximise that technology. I therefore hope that the Minister will state directly what the Government will do to facilitate such co-operation and tell us what clout the Department of Trade and Industry has in ensuring that there will be cross-departmental co-operation.

The harnessing of science has improved the quality of our environment, schooling, communications, mobility, health and security and it has certainly changed the way in which we work, live and communicate. One of the most important matters, however, is how the cost equation can be improved to allow ordinary citizens to benefit from the advantages that such progress offers.

I think that the Minister for Science, Energy and Industry agrees that the cost equation is an extremely important matter, because so many technologies still bear a high cost. One of the Government's continuing roles should be to help to find ways to reduce the costs of delivery and to widen access to new technology. The Government should not create separate networks with terminals only in such worthy places as libraries, which are visited by a minority, but integrate public service access with private services to reach a wider audience at an affordable price.

I agree with the Minister for Science, Energy and Industry that the information society should be inclusive. I believe that the information society should include the disabled and accommodate the computer illiterate. In her reply, I hope that the Minister for Small Firms, Trade and Industry will be able to answer my question about whether the Government will implement the provisions in the Disability Discrimination Act 1995 that apply to access but have not yet been implemented. I hope that she will also give us a timetable for implementation.

The new Government have made much of the morality of our society and attempted to place themselves on the moral high ground with such intellectually bankrupt statements as, "We will govern for the many and not the few." By the very proposals that they are working on in so many spheres, such a statement may well become the petard on which Ministers are hoist. If the Government are to govern for the many and not the few, they will, for example, ignore disabled people's access to information technology, because the disabled are the few and not the many.

Another example is the use of in-lobby technology for the delivery and distribution of social security payments. It is arguable that placing terminals in post offices or retail outlets will enable those on benefits to collect more easily their share of taxpayers' money and result in cost savings to government and convenience to recipients of welfare, but can Ministers justify the high investment that will be made in only 20 per cent. of the population, some of whom will undoubtedly be the feckless and workshy,

[Mrs. Gillan]

whereas the vast majority of hard-working people will receive no help towards their inclusion in the information society?

Technology will certainly turn clients of the welfare state into efficient consumers of the social security budget, but will it discriminate against hard-working individuals who fend for themselves? It will not if action is taken to integrate those services with other services, particularly those in the private sector. I therefore hope that the junior Minister will tell us her Department's policy on that matter, the stage it has reached in its thinking and what action it will take to ensure that a fully integrated service delivery scheme is achieved. In plain words, what are the plans for multi-service points?

I want to consider the regulation and policing of the new technologies, a subject considered at length at the Bonn conference the Minister for Science, Energy and Industry attended. I and many colleagues were disappointed that the Minister did not refer to that conference—

Mr. Battle: I did.

Mrs. Gillan: Only in an intervention; it was not a substantive part of the hon. Gentleman's speech.

Mr. Battle: I was generous in accepting interventions and, according to the marks on my notes, I think it was in response to one of the hon. Lady's interventions that I referred to the conference. The points that I made about the need to ensure that information was confidential were lifted from the discussions at Bonn. I assured the House that the declaration, which I hope all hon. Members will read and make use of, would be in the Library. What more does the hon. Lady want?

Mrs. Gillan: I will tell the hon. Gentleman what more I want. I have had the advantage of seeing the ministerial declaration from the Bonn conference. It is a non-binding declaration and the follow-up is so trivial that it consists of only three points. I cannot believe that it took two days to produce a non-binding agreement which includes in its follow-up the statement:

"Ministers welcome suggestions made by every country to organise special events during 1998".

This document will make good reading for all hon. Members when a copy has been placed in the Library.

Mr. Battle: The hon. Lady should read the rest of it.

Mrs. Gillan: I have, but it does not contain much other than aspirations.

Mr. Battle: What, then, is the hon. Lady's view on the proposals in it for encryption?

Mrs. Gillan: What is the Minister's view on the German and American proposals on encryption and on the row that broke out? The Minister must remember that I am in opposition now. I do not have to answer the question—he does. He has to provide the information, not me.

Mr. Battle: If I were allowed to do so, I would be happy to respond fully to the debate, but I am sure that my hon. Friend the Minister for Small Firms, Trade and Industry will do so more competently than I. There was not a row between the Germans and the Americans at the conference, as the hon. Lady will see from the communiques and press reports. Sadly, the conference was not reported extensively in Britain, but it was reported in the German and Dutch press. In the Library, there are transcripts of what was said, from which she will see that there was no row. I am more than happy to take her through the details of the conference, but I am sure that you, Mr. Deputy Speaker, would rule me out of order if I did.

Mrs. Gillan: I thank the Minister for his worthless intervention and his patronising attitude. I have been to the Library and I have the press cuttings. One states:

"Germany will this week risk a clash with the US government and international multimedia companies as it pushes for European agreement on principles for regulating global information networks"—

but more of that later.

Mr. Ian Bruce: Had my hon. Friend come to the PITCOM meeting, which dealt specifically with encryption and which the Minister might have been able to attend, she would have heard almost everyone from British industry criticise the Americans—*[Interruption.]* The Minister of State obviously does not want to hear this. Everyone criticised the Americans for keeping their encryption technology to themselves, saying that they could not allow it out for commercial use because of defence interests. The Minister should understand that if there was not a row there should have been.

Mrs. Gillan: I thank my hon. Friend for his intervention.

I was considering regulation and control. I shall bring the debate a little closer to home because I want to probe the Government's policies in areas that have not yet been mentioned. What are the Government's policies on smart card technology? Has the Minister of State had the opportunity to examine the work of the National Smart Card Forum? What role he is going to play in, for example, encouraging operators and users? One of the problems is that they need to be convinced that they can live together in the same chip without cross-talk. The technology exists, and the Government should perhaps have a role in convincing companies that that is a way forward.

Mr. Battle: That sounds like intervention.

Mrs. Gillan: The global market is vast—estimated at over £5 billion by 2000—and there are limitless application possibilities. The UK and France have been in the forefront of the development of smart cards. The Government have evaluated the technology by Department. The Minister needs to give a firm lead—that does not mean intervention, as he suggested—to ensure that evaluation takes place across all Departments in concert so that the advantages of economies of scale can be seen.

Government support would be a great help to our electronics industry, putting it in a strong position to obtain a large share in the world marketplace. The export potential of smart card technology is vast. Our exporting

companies need support from Ministers at the Department of Trade and Industry, because the Chancellor's ineffective Budget has decimated our exporting companies. I have great sympathy with the Government trade and industry Front-Bench team. It must be difficult for them to give the attention to industry and jobs that the Labour manifesto promised when the Chancellor has introduced measures that destroy jobs, particularly in exporting companies.

The Minister mentioned the Internet, but he did not refer to it at great length. I hope that the Under-Secretary will give us her views on Internet policing and regulation. It is appropriate that we are having this debate today because the headline on the front page of today's *Evening Standard* is, "Murder Suspect Caught By Internet". For the first time, a British murder suspect has been arrested via the Internet in America. Two hours after his description was put on the Internet, it was seen by a policeman, who apprehended him. That is a great move forward, and it shows how relevant the Internet is to all of us, particularly to security and justice.

Electronic commerce is also gathering momentum. It is possible to sit in Amersham and order a book or compact disc from California—if not arrest a murder suspect. Financial and commercial transactions are growing, nationally and internationally, with—I am sad to say—scant regard for Governments, the Inland Revenue or Customs and Excise. How are the Government preparing for the global shopping mall? Is the Department of Trade and Industry working with Customs and Excise and the Treasury on a policy for policing such transactions?

Do the Government agree with President Clinton's approach to products and services delivered across the Internet? The Minister will obviously have read President Clinton's speech made on 1 July. I hope that the Under-Secretary will be able to tell us whether the Government agree with it. President Clinton has directed the United States trade representative

"to work with foreign Governments"—

that means our Government—

"to secure agreement within the next 12 months that all products and services delivered across the Internet will not be subject to tariffs and that all equipment from which the Internet is built will also not be subject to tariffs."

What is the Government's policy towards that speech? If they agree with everything in it, can they justify such acquiescence? If not, what regulatory framework do they propose?

It is most important that, in answering those questions, the Under-Secretary says how she will ensure that the Government retain their revenue and income as the transactions multiply and tax avoidance opportunities increase. If the Government have no solutions to those problems, they will find that there is increasing erosion of revenue, particularly in indirect taxes, to which the only answer may be a shift towards direct taxation. I hope that the Under-Secretary will address that matter directly in her speech.

I turn now to the education of the generations who will use electronic commerce, who will work in smart buildings, who will carry just one smart card and who, according to my hon. Friend the Member for Esher and Walton, may pay only 20p for a car. Oh brave new world! They will certainly be liberated by technological advances that we cannot even predict.

The education of those children is paramount. After 18 years of planning, and after 18 years of sniping at and opposing everything that Conservative Governments did in education, there was published this week a White Paper on education, "Excellence in schools". It contains some admirable aims and objectives, many of which are the continuation of our policies. In the context of this debate, I was disappointed to see that there was only a small passing reference to information technology. I think that Ministers will share my disappointment because it was left to a Department of Trade and Industry Minister to give us more details about the national grid. A Department for Education and Employment Minister should have put those details at the heart of the White Paper. The sadness is that no Minister can tell us what will be taken forward within what time scale and at what cost. There are warm words and promises, but they are uncosted, undated and unfulfillable.

When I was fortunate enough to be a junior Minister at the Department for Education and Employment, I visited schools that literally took my breath away. I went to a city technology college that operated 364 days a year, ran a five-term year and closed only on Christmas day. The children queued to get in first thing in the morning and had to be thrown out last thing at night. Why? The school contained state-of-the-art technology and the children were hungry for knowledge.

The technology college initiative will go ahead under the Labour Government. I want to know which of the programmes will fall foul of the reviews in the Department for Education and Employment. I hope that Ministers in the Department of Trade and Industry will fight for the Department for Education and Employment to keep the technology college programme growing because it is the way forward in education. I have seen nothing in any Labour party or Government document since Labour came to office that guarantees that that programme will move forward.

There are many questions that the Government must face. I have tried to pose a few that were not asked in some of the valuable contributions made by my hon. Friends. So that the Under-Secretary of State gets the drift and so that she can answer my questions directly, I shall summarise some for her. How will she take forward Government Direct? What funds will be committed to that initiative? Will the Under-Secretary set up a cross-departmental inquiry to look at reducing costs and maximising efficiency? Will she ensure that a private-public sector partnership exists and how will she drive it forward?

Will the Minister consider the needs of the disabled and will she give me the answer to my question on the Disability Discrimination Act 1995? Will she undertake to examine the smart card technologies? Will she make an effort to look at the export drive of the electronics industry, particularly the sector that deals with smart cards? What are her policies on the Internet? Does she agree with what President Clinton said? If she does not, why not, and if she does, why? Will she speak to the Inland Revenue and Customs and Excise, or has she already done so, about the implications of the Internet? What are the detailed plans for information technology in our schools? How much will be spent on IT in schools and within what time scale?

[Mrs. Gillan]

There are many more questions, but sadly time prohibits me from asking them. The House has a much wider audience that is waiting for the Minister's response. I hope that it will be straightforward and not an arrogant dismissal in the style of the written answers that I have received from the Department. In the past two days, out of some 20 questions, only one has been answered substantively. A second response was thrown across the Table by the Minister.

We have had an important debate and I am sorry that more Labour Members, who are so numerous, were not queuing up to participate. In a debate about the information society, the Government have provided little information. Now the Minister has a chance to make a name for herself in the House and answer some questions directly.

1.30 pm

The Minister for Small Firms, Trade and Industry (Mrs. Barbara Roche): I start by welcoming the hon. Member for Chesham and Amersham (Mrs. Gillan) to her new responsibilities on the Opposition Front Bench. I had hoped to have the great pleasure of doing so during last week's important debate on small retail businesses, but the hon. Lady was not in her place and I understand from the Conservative Whips that they could not find her. Sadly, her voice could not be heard last week, but I am delighted that we have had the great privilege of hearing her speak today.

It has been an extremely important debate and we have heard some excellent speeches. Unfortunately, it was marred by the speech of the hon. Member for Sevenoaks (Mr. Fallon) who, in every aspect of his delivery, demonstrated why his party lost the election. Whenever arrogance is mentioned in the Chamber, the phrase used by my right hon. Friend the President of the Board of Trade comes to mind. She said that the Opposition have a degree in arrogance that surpasses all. We shall certainly take no lessons from them in delivering what the British people expect and hope from the new Government.

We have heard several important speeches. The hon. Member for Esher and Walton (Mr. Taylor) was a Minister who made a great contribution to the subject. His speech covered a number of important aspects. My hon. Friend the Member for Rotherham (Mr. MacShane) stressed the importance of simple language and conveyed in his speech the message of information technology for all. My hon. Friend the Member for Norwich, North (Dr. Gibson) dealt with the importance of new technology to biomedicine and the necessity to ensure that all professions benefit from IT.

I was saddened, however, by some of the comments by the hon. Member for South Dorset (Mr. Bruce), although he made a number of important points about electronic commerce. Of course he has a distinguished record as the chairman of PITCOM. It was sad that his speech was marred by straying into inaccuracies and leaving the subject of the debate.

I congratulate the hon. Member for Cheltenham (Mr. Jones) who made some important comments about rural areas which were greatly appreciated.

The Government embark on their term of office at a crucial period for information technology, electronics and communications. It is an exciting time, as we move into the new millennium, but we are moving into the information age at a speed that is baffling to many, and our understanding of the precise implications for the way in which we live and work and the way in which we enjoy our leisure hours ranges from intelligent guesses to the complete inaccurate.

We have only to consider what stabs at the future we might have made five or even three years ago. Most of us would have got it wrong. For example, many experts failed to predict the meteoric rise in the use of the Internet—even over a 12-month period. Much has been made—this was mentioned by the hon. Member for South Dorset—of regulation of the Internet. I certainly agree with the point made by the hon. Member for Chesham and Amersham on the subject.

The Government, like their predecessors, will certainly work to ensure that the system that has been put in place, which includes Internet watch, which is based on the law of the land, will continue. I raised the issue when I represented the United Kingdom recently in the European Union Telecoms Council. Of course, we need to have a wide-ranging discussion not only here in the UK but with our international partners. The subject is important for us all.

We are now coming to terms with the reality of networks that link us globally. The process is not quite as easy as making a telephone call, but the technology is getting there. With the approach of digital satellite and digital television and the interactive services that they will make available to a wide range of people, the day is fast approaching when the technologies and the benefits that they bring will be available for all and will make a significant contribution to improving the quality of life.

A number of hon. Members, including, of course, my hon. Friend the Minister of State, have emphasised the importance of avoiding a division in the nation of information haves and information have-nots. Indeed, the hon. Member for Cheltenham made that very important point. We need to ensure that everybody is able to take advantage of the information society. In fact, there will not be a true information society until everybody is able to make use of it.

The IT for all initiative is therefore particularly important, given its focus on access to technologies in local, convenient and unintimidating environments, enabling people to have hands-on experience and to try out what is best for them in a friendly atmosphere. What do I mean by this?

As I am sure hon. Members will be well aware, the IT for all projects include travelling computer buses run in co-operation with the private sector, which offer opportunities for all to get hands-on experience. Family technology evenings, which are supported by Microsoft, open up opportunities for parents and the wider community in schools and other community bases. As the parent of an eight-year-old, I know that it is us parents who are learning from our eight-year-olds—and even younger—about where the new technology is taking us.

If any hon. Member has doubts about just what information and communications technologies can do for all sections of the community, I draw their attention to a group of EU projects in which we are involved, which help the disabled and the elderly. I was rather taken aback that the hon. Member for Chesham and Amersham appeared to knock the support given to such projects.

They are important because they bring about the involvement of everybody in the information revolution that is about to happen.

Such projects give people with learning difficulties user-friendly access to e-mail and the Internet through specially designed interfaces and the use of symbols. A portable controller and associated software are being developed to enable disabled people to communicate with their surroundings and control temperature and lighting.

I was in Bavaria about a month ago looking at some good British modern design and techniques, which have come from universities but are looking for commercial adaption. The equipment will help severely disabled people to live their lives freely and independently. Those are the great advantages that the information revolution can bring.

Mrs. Gillan: I hope that I misheard the hon. Lady. She seemed to suggest that I was casting aspersions on projects for the disabled. It was quite the reverse. I was casting aspersions on the Labour party's philosophy, "We will govern for the many, not the few." It is the few who are disabled. Along the lines of that maxim, the Labour party should not be concerned with them. It should be concerned only with the largest number of people.

Will the Minister now answer the question that I have repeatedly asked about the Disability Discrimination Act?

Mrs. Roche: I am absolutely astonished to hear the hon. Lady's intervention. The best way that I can describe it is as nonsense. Of course it is the Government's job to govern for everybody and, in doing so, we shall ensure that disabled people have access to information technology. That is vital. The hon. Lady was a Minister in the previous Government who disappointed disabled people time and again. It has been left up to this new Labour Government to ensure that we deliver proper support and enablement to people with disabilities.

Mrs. Gillan: Will the Minister answer my question?

Mrs. Roche: If the hon. Lady has a little patience—I know that it has been a whirlwind two and a half months and she is still recovering from her party's defeat at the last election—all will come to her in time. A little patience and humility from the hon. Lady would be extremely welcome.

We also have a project to help physically disabled people—*[Interruption.]* If the hon. Lady would listen, she would learn what is happening out there for disabled people and could then make a more substantial contribution to the debate.

As I was saying, the project will help physically disabled people who cannot speak to communicate by developing a device with pre-stored conversational sequences, which can be tailored to the individual over time. *[Interruption.]* I am sorry that the hon. Lady finds such projects amusing. Many disabled people, many of whom will be following our deliberations, consider it important that we have a proper discussion about those projects.

Mrs. Gillan: I regard this subject as most important, but the Minister has not replied to the question that I have posed over and again. Is she incapable of answering it or does she not have an answer? Have her officials been unable to find the information in the short period that they have had? Will the Minister be straight with us? Are Ministers going to sit on the Front Bench and never answer questions directly but just exchange insults across the Dispatch Box? Answer the question about the Disability Discrimination Act: when will the second part be implemented? Does the Minister know, or even care?

Mrs. Roche: It is difficult to know how to respond. This debate is about the information society, part of which is the ability to listen. The hon. Lady has not had much experience of that during the past 18 years.

Another project is to develop standard guidelines for the production of signing books for the deaf and to study the consequent storage and distribution issues. The Government will follow those important projects extremely carefully.

We have heard a great deal in the debate about the United Kingdom's information technology, electronics and communications industry, and about the readiness of the UK's communications infrastructure for the information age. The industry makes a substantial contribution to the UK's GDP. It provides considerable employment and is a source of much innovation and enterprise. It is the kind of industry where the UK can add considerable value and, as a result, compete successfully world wide. The new Government very much support that.

The coming months will see some exciting new developments. In particular, I shall be following closely the development of the newly announced investment by Microsoft in Cambridge, and the associated venture capital fund for small companies. A great deal has gone on in that area, such as the St. John's innovation centre and the business angel networks.

Mr. Ian Taylor: I welcome the announcement by Microsoft, which has been encouraged to look positively at the United Kingdom. Bill Gates had dinner with me twice, and the new Administration have followed up that interest. May I ask the Minister to urge her ministerial colleagues to give the same importance to the new industries that she and the Minister of State have given to them? Sometimes it seems that Labour is concerned only with the old industries. The telecommunications industry employs more people than the motor car industry in this country. The music industry makes a larger contribution to this country's GDP than the water industry. This is a transformation in the way in which industry will affect the future of this country. It is important that everybody in the Government understands this, as she has done.

Mrs. Roche: I thank the hon. Gentleman for raising that important point. We need a balanced approach, and all my colleagues have the same message. It is interesting that very many of the traditional industries have become reliant on new technology because they are new technology-driven. I always quote the example of a wonderful third-generation, family-run bakery in my constituency. It is very popular, and everything is baked fresh every day. But if one goes behind the scenes, one sees that it is driven by new technology. That is a perfect marriage of a traditional industry with new technology.

Considerable development has been evident in infrastructure provision. In addition to the major investment from BT, Mercury and others, more than

[Mrs. Roche]

9 million homes now have cable running past their doors. Construction has accelerated, currently adding at least 2.4 million homes every year. This will bring broad band services to some 19 million homes. That is a considerable achievement.

Further coverage is being developed through the use of the radio spectrum. More than half a dozen companies have now been licensed to provide services by means of radio fixed access. Two of those were specifically required to cover rural areas—those where broad band cable franchising typically has not reached. The Government are now also considering possible uses of other parts of the spectrum for broad band applications, further extending the possibilities to bring broad band connectivity within reach of the whole of the UK population.

Mr. Ian Bruce: The Minister may be coming to the end of her speech. In a debate on the information society, nobody has yet mentioned the Post Office. Is she aware of a report produced by the Communication Workers Union, of which I believe the hon. Member for Hull, West and Hessle (Mr. Johnson) was the general secretary? It proposed to the previous Government that they should free up the Post Office so that it could invest in new technology to enable it to compete in the worldwide information revolution. Have the Government any plans quickly to free up the Post Office in such a way?

Mrs. Roche: The Minister for social partnership, my hon. Friend the Member for Makerfield (Mr. McCartney), who has responsibility for the Post Office, made a recent announcement on that subject. We are certainly keen that the Post Office should be able to compete in all the new opportunities that are increasingly becoming available.

The United Kingdom digital infrastructure, whether cable, radio, satellite or other network, is truly developing into a seamless network of networks and technologies. That is the reality of the information super-highway. It is certainly not a monolithic, single-technology, fixed-link network. That emphasises the importance of encouraging and protecting investment in all forms of alternative infrastructure. Of course, the regulatory regime must continue to underpin seamless interconnection and dynamic competition at the network level, but, as those component networks and connections near completion, it must also increasingly turn its attention to supporting affordable access for all in the new range of services offered over those networks. That is extremely important as we get convergence. Inevitably, politicians of whatever political party and nation state tend to follow behind the emerging technology. We ought to keep that very much in mind.

We have rightly heard much about competitiveness. The new technologies have the almost unique potential of being able to improve the competitiveness of practically every sector of business. They cannot be ignored and any business that does not take on that message risks seeing its business usurped by those that do. In this age of the global economy, it is just as likely that the competitor is in the far east or north America as in the next town or across the channel. Certainly, the message that we need to send to all businesses in the United Kingdom, both large and small, is that there are global markets and that it is vital that we make our country and our businesses as competitive as possible.

Mr. Fallon: If it is true that all businesses must be as competitive as possible, why is the other side of the Department of Trade and Industry—I think that he is now called the Minister of State for social partnership—proposing to impose the minimum wage and the social chapter, which will add costs to British business?

Mrs. Roche: I entirely reject that argument. What is interesting is the number of businesses that support the minimum wage because they believe that it will be competitive. As recently as a few months ago, the Federation of Small Businesses backed a sensibly negotiated minimum wage. Perhaps the hon. Gentleman should spend a little more time with the business community.

The battle for competitiveness is never won. We need more investment in indigenous companies from inward investors—in small companies as well as large ones, in research as well as product development and in our university centres of excellence as well as our companies. We need to get better at exploiting our well-deserved reputation for innovation. More of those bright ideas need to be turned into winning products in companies based here in the United Kingdom and not overseas. More of our small, technology-based companies need to be helped to become the stars of tomorrow. Indeed, in the words of the recent Confederation of British Industry report, the "Tech-Stars" of tomorrow.

To do that, we need to build a relationship between the science and industry base and between Government and businesses both large and small. As the Minister with responsibility for small firms, I want in particular to underline the vital role that smaller businesses play in a successful enterprise economy.

The Government are firmly committed to providing the right conditions for the sector to compete and grow. That is why it is so important for the message about the opportunities and benefits of the new technologies to reach out to those many small companies and why the Department's information society initiative programme for business is focused on them. We are determined that it should succeed in communicating the message effectively. We will do that with the help of business partners and local support centres.

The hon. Member for Sevenoaks asked me about that programme. It will certainly continue; indeed, we will enhance it. In the autumn, I will make an announcement about the direction of business links, and how we want that programme to grow and prosper.

We want to help small businesses even further, and I want to highlight the role of the enterprise zone on the Internet. In opposition, we did a great deal of work on that project, and I am especially pleased to be advancing it personally. It will be a one-stop Internet site designed to help small and medium-sized companies to obtain quick and easy access to a wide range of business information available on the world wide web.

That is important, because any owner-manager knows that there is a great deal of helpful information out there, but that it is sometimes difficult to have enough hours in

the day to deal with it. That is one way in which we can make the information revolution work for our small businesses.

A number of hon. Members have said that the Government should set an example, using information and communication technologies to increase accessibility, efficiency and effectiveness. I absolutely agree. Government, and the public sector more widely, are in a position to have a major impact on the environment of acceptance leading to a virtuous circle of even greater use.

The new technologies offer opportunities for opening up government in education, health, public administration and elsewhere and improving the delivery of public services. The Driver and Vehicle Licensing Agency has worked closely with motor manufacturers to establish electronic links that allow motor dealers to register and license vehicles at their own premises, avoiding the need for journeys to the vehicle registration office. The DVLA has also been piloting a project to enable companies with large vehicle fleets to relicense their vehicles in bulk by electronic data interchange.

Insurance companies are also benefiting from an electronic inquiries service that has help them to speed up the processing of motor claims. Those are good examples of the public and private sectors working together to secure not only value for money—which is extremely important, as we should be wise spenders of the public purse—but a better service for consumers.

Libraries, museums and galleries are another important part of the public sector in which it is clear that information technology has the potential to make a significant difference. As so many people can have access to libraries, we must ensure that the information revolution extends to the library system.

Reference has been made to the Cabinet Office's central information technology unit's pilot projects, which cover important areas of government, in which IT can make a difference. The hon. Member for Chesham and Amersham asked me a number of questions about that. More of those pilot projects will follow. Some will be central Government-local authority partnerships, building on projects that local authorities have developed. We heard some discussion about that today and about the work that has been done by my hon. Friend the Member for Cambridge (Mrs. Campbell). We want to build on those projects.

Mrs. Gillan: How much will the Minister put into the forward programme?

Mrs. Roche: As the hon. Lady knows, we have made our spending plans clear; we are sticking to existing limits. The hon. Lady must take into account the prudence that we shall exercise. Unlike the previous Administration, we shall be wise spenders of the public purse. In his excellent Budget last week, my right hon. Friend the Chancellor of the Exchequer put that aim into practice.

Some local authorities are leading the way in providing unified and more conventional services, using technology. The views of the public on the schemes will be sought and recorded through market research, and results published to inform the debate.

My hon. Friend the Minister rightly made a great deal of the importance of skills, training and education in taking forward the information society. Much has been done, but much needs to be done. Without a well-educated population and a skilled work force, we shall not be able to take full advantage of the new technologies to improve the United Kingdom's competitiveness and to improve our daily lives.

There is still much that we need to do. Clearly, we need to work closely with industry to bring that about. That is why our plans to revolutionise learning in the United Kingdom include the university for industry. That is a bold new venture which will bring new opportunities to adults seeking to improve their skills and realise their potential. It will bring learning to the workplace, the home and the community, and it will be a vital part of our information society. The university for industry will simplify and widen access to learning; it will improve the availability and quality of information and materials and stimulate demand for learning.

I was disappointed to hear the remarks of the hon. Member for Sevenoaks when he knocked the university for industry. I was mindful of the fact that when the Government of Harold Wilson introduced the Open university, the then Conservative Opposition voted against it. I am afraid that times do not change—it just shows that the Conservatives have learnt nothing.

Mr. Ian Bruce: The one thing on which everyone in the House can agree is that the Open university, as introduced by the late Lord Wilson, is excellent. We pay tribute to the university for its excellent standards. Conservatives believe that the university for industry is another good idea, but we are worried that only £5 million has been set aside for that excellent idea.

Mrs. Roche: I am pleased that the hon. Gentleman has admitted the Conservative party's past mistakes—that is welcome news. The hon. Gentleman has a cheek to criticise us for taking forward the initiative when the Conservative Government did nothing about it.

In one of the more useful parts of his speech, the hon. Member for South Dorset mentioned the century date change problem. That problem also highlights the skills issue. According to recent surveys by the Computing Services and Software Association, across the IT industry—both among IT suppliers and user organisations—many thousands of job vacancies remain unfilled.

That situation is likely to worsen as more businesses seek to ensure that their systems are prepared for the century date change. To address those issues, I shall be hosting a millennium skills summit later this month. The aim of that high-level meeting is to recognise the challenges facing UK industry and commerce as a result of the shortages in skilled IT staff and to look for ways of addressing the problem in both the short and longer term.

During the debate, we also discussed the position in our schools. As I have said, we know that as many as 40 per cent. of school computers are now at least five years old; they are obsolete in today's terms. That is why my right hon. Friend's Budget announcement about funding for schools in that vital area was so widely welcomed by schools up and down the country.

Mrs. Gillan: What period does the Minister consider is right for a school to keep a computer? How much of

[Mrs. Gillan]

the money that was announced by the Chancellor will go into the IT programme of computer replacement that she suggests?

Mrs. Roche: My right hon. Friend the Chancellor announced in the Budget an additional £1.3 billion to be spent over the lifetime of the Parliament to start tackling the backlog of capital repairs and equipment for schools. That is an immediate programme of capital investment to equip our schools with the infrastructure, including IT equipment, and the bright, modern schools that they need.

Mrs. Gillan: Will the Minister give way?

Mrs. Roche: No. I will not take another intervention at this point. I do not know whether the expression "brass cheek" is a parliamentary one. Of course, I will not use it if it is inappropriate. I see opposite me on the Opposition Front Bench two former education Ministers, whose Government were responsible for letting our primary and secondary schools get into a disgraceful state of disrepair. I wonder why they do not hang their brass necks—if that expression is available to me—in shame rather than speak on this subject at all.

The issue is not only equipment but the skills and confidence of teachers in using and teaching new technology. The Stevenson report has made a valuable contribution to IT training of teachers. The hon. Member for Chesham and Amersham spoke about the White Paper "Excellence in Schools", which was published earlier this week. It has already set out our broad proposals for the national grid for learning. We shall consult specifically on those proposals in the autumn.

Our legislative programme for this Session includes a commitment to use lottery proceeds to support teacher training in information and communication technologies, and we shall consult on that shortly. We shall use some of that money to help existing teachers to raise their skills to the same level that we expect newly qualified teachers to achieve.

Mr. Fallon: I have been following carefully what the Minister said on the national grid for learning. Does what she has just announced mean that the resources available to it will come only from the lottery, or is there new Government money? If so, in which year will it start?

Mrs. Roche: Let me seek to help the hon. Gentleman. My right hon. Friend the Secretary of State for Education and Employment will announce later this year decisions on the proportion of the additional money for education that was announced by my right hon. Friend the Chancellor that will go to the national grid for learning. So, with a little patience, the hon. Gentleman will get the information that he seeks.

We wish to ensure that our measures develop the use of information and communication technology and life-long learning, to enrich our lives at school and university, in our work and leisure, in our homes and workplaces, and in our libraries and museums. The information society is also the learning society.

A great deal of interest has been expressed in the debate in electronic commerce, another area in which the technology is moving at great speed. I was in Bristol earlier this week looking at a small but rapidly growing high-technology company. It is already developing products to be used for electronic commerce, specifically aimed at small and medium enterprises. So the technology is moving apace. It is a wide area and issues such as intellectual property rights, information security, privacy, encryption, digital signatures, payment taxation and so on are emerging as important.

Certainly the House will return to these subjects in the coming weeks and months, not least when we respond to the consultation exercise initiated by the previous Government. I have no doubt that many of the issues that have been raised today, which are extremely complex, will be discussed in some detail.

We recognise that the effective harnessing of the huge potential of information technology is crucial to our national and social well-being. That is why we intend to use the best information society developments in the public interest. That is why we will aim for fair competition, open access and maximum social benefit. Above all, we will aim to spread the benefits of new technology to the many rather than the few.

Mr. Clive Betts (Sheffield, Attercliffe): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 17th July, Standing Order No.16 (Proceedings under an Act or on European Community documents) shall not apply to the Motion in the name of Mr. Secretary Prescott relating to the draft Council Tax Limitation (England) (Maximum Amounts) Order 1997, and the Speaker shall put the Question not later than three hours after the start of proceedings thereon; and the said Motion may be proceeded with, though opposed, after Ten o'clock.—*[Mr. Betts.]*

Biotechnology

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Betts.]*

2.10 pm

Dr. Ian Gibson (Norwich, North): We have just concluded a debate on information technology, and another important area of technology is biotechnology. Many people are beginning to recognise that the techniques of molecular biology will open up a plethora of opportunities that will influence society and a wide range of our activities. We should not then underestimate the importance of sound investment in people and technology.

I would be prepared to stick my neck out and say that biotechnology in particular will be the most important science for the next millennium. The United Kingdom is fortunate in having several world-class pharmaceutical companies which are already exploiting biotechnology in their research programmes. We must not jeopardise the investment in research and development or the flow of trained staff into those companies. Efficient technology transfer and R and D grants for such industries need to be augmented to ensure that United Kingdom products capture their fair share of intellectual property and its development into products.

Small start-up companies definitely have a place in that scenario. At the moment, the United Kingdom has a better attitude to those matters than most other European countries, but it is way behind the United States where existing patents and R and D investment dominate agricultural biotechnology. In the food and agricultural sector, current regulations and consumer groups have inhibited product development and that has allowed the United States to dominate now, as it will for the foreseeable future.

Much of the work is carried out at universities and research institutes. If we are to apply discoveries to biotechnological applications, we need a strong patent position. We must ensure that short-term views and decision making do not undermine the inevitable long-term and sensible conclusion that new genetics and molecular biology will have great value for our society.

We must not mortgage our future by failing to establish patents and strong R and D to underpin the agricultural and food industries, which are one of Europe's biggest industries. Effective patent legislation, harmonised at the European level, will be a major element in ensuring the continued growth of the biotechnology industry.

The current revised directive on patenting of biotechnological inventions takes account of previous concerns expressed by the European Parliament and it must be supported. I am well aware, however, of the depth of feeling about companies being able to patent natural DNA sequences, which would give them the potential to hold people to ransom through diagnostic testing. That potential will always be there as the human genome project unfolds. What should be patentable is the particular scientific methodology.

Nevertheless, the fresh directive should be welcomed because it clarifies the difference between discoveries, which are not patentable, and inventions, which are patentable, with reference to the human body. It reaffirms the principle that patent rights are without prejudice to any national and Community legislation governing the use and commercialisation of the results of research. It clearly states that the germ cell therapy of humans is unpatentable. It introduces privileges for farmers to breed new plants or animals to replenish their stocks. I am sure that hon. Members will agree that the future prosperity of an industrial nation is intimately bound up with the ability to innovate technologically—that is, to commercialise our scientific discoveries.

Biotechnology operates in an arena of international competitiveness where knowledge and skills can move quickly across national boundaries. The challenge of biotechnology is that it does and will pervade many areas of our lives and sections of our society. We need to resolve the problems now, not when the technology is upon us, as we may find that the public retreat from science, are hostile to technological products and are suspicious of the technology.

At the same time, there are signs in some industries that the potential of biotechnology innovation is not being exploited. There are some 1,800 biotechnological companies world wide, two thirds of which, including the 10 largest, are in the United States. There are 500 in Europe. The stock market valuation of biotechnology companies is in excess of £70,000 million, despite aggregate reserves being less than £15,000 million. That suggests investment for growth and growth potential.

In 1992, following the launch of the alternative investment market project, money came into biotechnology from non-specialists, and companies were quoted on the stock exchange. The number of companies in Britain at this stage is small, but is increasing at a dramatic rate. It is estimated that currently there are 27,000 jobs in European biotechnology companies with direct applications of techniques, and some 200,000 in biotechnology and related activities. In the United States, however, £5,000 billion has been invested in biotechnology. Forty new drug products and vaccines are in use because of that and 300 more are currently in clinical trials to treat Alzheimer's, heart disease, multiple sclerosis, AIDS and obesity.

Enough of this business project discussion—let us look at the science. After all, that is the well from which all this springs. I am sure that hon. Members will have read the March-April edition of "Science in Parliament", which describes how researchers using oilseed rape in their quest for new industrial oils hit upon new treatments for tuberculosis and, possibly, cancer. It is a perfect example of how modern molecular and biological studies can show amazing and unexpected potential.

I could go on in great detail about other discoveries and describe how plants as well as bacteria, surprisingly, are being used to produce new human antibiotics and vaccines to treat the AIDS viruses. This week has been European plant biotechnology week. Some 130 of Europe's best biotechnology laboratories got together and formed 15 multi-disciplinary teams which are looking at major issues facing European agriculture. I am rather pleased that one of them, which has been looking at the environmentally compatible agricultural project, is based in the city of Norwich at the John Innes centre.

The production of pure chiral drugs by biotechnological methods is impressive. It is clearly a part of the future pharmaceutical industry. We no longer want the sort of tragedy that surrounded Thalidomide, where chemical impurities were associated with the drug.

[Dr. Ian Gibson]

Basic biotechnological research is also leading to real potential in producing agricultural products—corn, soya beans and cotton—in aquaculture and in the natural environment. It will play a role in the creation of renewable energy products, in recycling and in the greening of the industrial process. All that stems from a knowledge of DNA sequences and the splicing of DNA segments into new recombinant molecules.

Topically, Dolly the sheep and safe human blood products are also the results of that technological advance. I have been sitting here this morning thinking about what I could do with some of those techniques. There would be great potential for using them to spot, at a very early age, aspiring Conservative Members. That would allow us to take some remedial action. My hon. Friend the Member for Rotherham (Mr. MacShane) has subtly identified the gene concerned as the Herod gene. I say "subtly" because my hon. Friend sees a radical approach to the problems of that particular sequence of DNA.

The United Kingdom university system provides an excellent research base in many of the sciences that underpin biotechnology. The key role of the medical charities in maintaining the UK science base is also of great importance. Interdisciplinary collaboration has to be encouraged—

Mr. Gerald Howarth (Aldershot): On a point of order, Mr. Deputy Speaker. I apologise to the hon. Member for Norwich, North (Dr. Gibson) for interrupting his Adjournment debate. I understand that he is in a great hurry. However, something has just occurred that I want to raise.

On Monday, the Government will hold a summit on smoking, and not one representative of the tobacco industry has been asked to attend that most important debate. There are 15 million people who smoke in the United Kingdom. Although I am only a very occasional cigar smoker, Mr. Deputy Speaker, I wonder whether you have heard from Ministers whether they will invite representatives from an industry that may be very seriously affected by Monday's summit, but from which, to date, it seems to have been totally excluded?

Mr. Deputy Speaker (Sir Alan Haselhurst): The hon. Gentleman has sufficient experience of the House to know that that is not a matter for the Chair. No representations have been made to the Chair; nor should they have been. I call Dr. Gibson.

Dr. Gibson: Thank you, Mr. Deputy Speaker.

Collaboration between universities and industries will ensure progress in products and processes and foster a partnership of equals, in which both sides have something to offer and to gain from collaboration. Universities must continue to do high-quality basic research with equipment funds that enable them to use state of the art facilities.

There is an old myth that countries and companies that have the odd scientist on their boards or organising bodies seem to do rather well. I should like to think that that has something to do with the ability of scientists to analyse and to think critically. Successful biotechnology companies also seem to draw on the support of scientists, physicians, information scientists, lawyers and accountants from a network that extends across the United Kingdom and across Europe. British introspection will not be the order of the day in that exciting new world.

Successful companies also look ahead to new techniques that will open a second wave in biotechnology development. Two such techniques are combinatorial chemistry and genomics. The former highlights the joint activity of chemicals to improve treatments, and the latter takes us into the world of risk analysis, in which we can identify individuals who are genetically predisposed to certain diseases. A possible consequence is that, based on that knowledge, those individuals will receive different medical advice and treatment. Hon. Members will realise how, in the long term, that could alter the role of GPs and the economics of health care.

In food biotechnology, new techniques will undoubtedly make it easier to detect biological contamination of meat and of other foods. As time passes, other industries—water, paper, fishing and forensic science—will undoubtedly benefit from that technology.

In environmental biology, with its potential for creating clean production processes, and in the less satisfactory so-called end-pipe cleaning process that occurs after the production of toxic waste, biotechnology provides vast potential for our efforts to green industry and to eliminate hazards. I think of our efforts in Norwich to rebuild a city which has suffered many job losses. We shall clean up an area where factories once stood by adding bacteria to the soil to remove hydrocarbons. It is estimated that that procedure will save approximately 10,000 lorry journeys, and their associated pollution and costs.

Despite that progress, there are the voices of those mentioned by my right hon. Friend the Secretary of State for Education and Employment—those who are perpetually against everything and always keen to undermine the enthusiasm of others. Some people, however, have offered proper criticisms, and they should be answered.

The United Nations, the Council of Europe and groups in the United States have been pushing through a code of ethics to tackle problems in genetic engineering in the light of knowledge and biotechnological advance. We shall have to answer questions on access to genetic information and the role of insurance companies and we shall have to deal with the reaction of people to their health prospects and of consumers to the safety of food products.

The spectre of eugenics is never far away in our society. The United States clearly does not endorse human breeding experiments or genetic manipulation that would have harmful effects on human health or the environment, and it also does not endorse military uses of biotechnology.

The public remain sceptical of companies, and they are suspicious of interference with nature and of misuse of technology. They are also still sceptical of our successes, such as a hepatitis vaccine and stay-fresh tomatoes. Science has yet to be drilled into the nation's consciousness.

Biotechnology is raising issues of profound sociological, religious and cultural values. Only with an impetus provided by the Government, however, will universities and industry make progress on those fronts and deal with those issues. A new Labour Government must promote an environment that is conducive to technological change. Science needs to be at the heart not only of decision making in government but of the political process.

2.24 pm

The Minister for Science, Energy and Industry (Mr. John Battle): I welcome this debate on the future of biotechnology, and congratulate my hon. Friend the Member for Norwich, North (Dr. Gibson) on having chosen this subject at such an opportune moment. It is a key subject on which we should be directing public and political attention. I am only saddened that there are absolutely no Opposition Members present, not even the shadow science Minister. It is sad that one Conservative Member rushed in, made a plea on behalf of the tobacco industry, and then rushed out.

The subject of this debate should be taken seriously because there have recently been key developments. My hon. Friend the Member for Norwich, North and I share the view that ethics are crucial to ensuring that biotechnological developments are life enhancing and liberating, not dehumanising. We ought to regard science in that light, and welcome it. I hope that my hon. Friend's distinguished academic record will be as warmly welcomed in the House as it is widely respected in the scientific and wider community.

Biotechnology itself is a relatively recent science, but some of its applications, such as the use of yeast and enzymes to make bread, wine and cheese, have been familiar for generations. They are now taken for granted. There are many applications of modern biotechnology—from steroids to treat asthma and rheumatoid arthritis, an improved form of insulin for diabetes, a vaccine for hepatitis B and monoclonal antibodies for the treatment of cancer, through to biological washing powders, diagnostic test kits for use in blood and food hygiene testing, and DNA fingerprinting in police forensic work. In the chemical industry, enzymes are already being used to enhance process efficiency, reduce costs and improve the quality of the final product.

Moreover, as my hon. Friend spelt out, the potential is incalculable. In health care, biotechnology offers the promise of new methods of diagnosis and treatment for many conditions that we currently regard as incurable. In agriculture, biotechnology will impact on animal health, animal feed, seeds, plants and crops. For example, it will pave the way for crops to be grown in drought-hit parts of the world, and will reduce the use of chemical pesticides and herbicides. It will also contribute to tackling the problems of world poverty and providing international food security.

One of the foresight panels within the Department of Trade and Industry cited biotechnology as a key technological driver for the future, along with health and life sciences. It is also an economic driver. It is linked to chemicals, food and drink and even, dare I say, to financial services where DNA is used in fraud detection. It now has a fundamental impact on a range of disciplines. Just as there is no such thing as pollution, only molecules in the wrong place, we must remember that they are practically everywhere around us.

I underline my hon. Friend's point that Britain takes the lead in industrial biotechnology. We have well over 200 specialist biotechnology companies, and more than 400 are involved in bioscience-related activities. More than a quarter of all Europe's small biotechnology enterprises are located in the United Kingdom. They employ some 10,000 people, a figure which is forecast to grow. In other words, biotechnology is a major industry of the future which is with us now. It is an economic driver.

The United States of America has more biotechnology companies than Europe, those companies are mature and have more products on the market, and they employ four times as many people, but if Britain and Europe want to get ahead, we have to work hard and take this aspect of technology seriously. We should not forget that Britain can lay claim to more than 20 Nobel prize winners in this area of science. They represent a history of achievement from the discovery of the structure of DNA, the construction of monoclonal antibodies and the invention of DNA fingerprinting through to recent advances in antibody engineering. In other words, we have a strong record of science innovation and world-class companies of great potential.

The Department of Trade and Industry's biotechnology means business initiative ought to increase awareness and encourage the take-up of biotechnology in other industrial sectors. We shall push such programmes forward. An initiative was announced today, stimulated by the fact that my hon. Friend decided to raise the issue in the House. I thank him for that. One of our challenges will offer support to stimulate the provision of specialist incubators and the development of business incubators to take ideas through to market.

My hon. Friend made helpful comments about the European Parliament's biotechnology patents directive. It is important for the future of the UK and European biotech industry and is critical for growth, competitiveness, investment and employment. Failure to agree an effective directive will mean a loss of benefits to this country in an area in which adequate protection is available in other countries, such as the United States.

It being half past Two o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dowd.]*

Mr. Battle: We support the harmonisation of patent laws in the European Union. The problems have existed for a long time and it is important that we resolve them now. We need to ensure that the directive is put forward and openly discussed with full consultation. As it stands, it will not reduce the patent protection that is already available under UK legislation. The fears that have been raised about the directive are not as substantial as some have tried to suggest.

Central to the success of biotechnology is a comprehensive regulatory regime that secures the safety of human health and the environment. We have well-established controls in Britain which we want extended throughout Europe. Bearing in mind the increasing trade in biotechnology products, we need to promote the development of a wider international framework.

Transparency and clear information are vital to consumer choice and we are determined that all food containing genetically modified material should be clearly labelled, to ensure that consumers know what they are buying. Regulation safeguarding human health and the environment plays a key role in maintaining public confidence. The UK has a widely respected system based on advice from the advisory committees on genetic modification, releases to the environment and the novel foods and processes regulations. The setting up of a food standards agency will further underline our commitment to the highest standards of consumer protection.

[Mr. Battle]

Our advisory committees on gene therapy and genetic testing and the Human Genetics Advisory Commission will also provide appropriate checks and balances.

In the 17th century, the English physician William Harvey attracted vehement attacks and criticism for his theory on the circulation of blood. Edward Jenner had to publish his research on the use of cowpox to vaccinate against smallpox privately because it was rejected for public publication. There is a long history of condemning discoveries that are later proved to be beneficial. We should bear that in mind. We know how wrong those attitudes were and they seem absurd today.

History teaches us that we ought to remain open-minded to new ideas and developments in science, engineering and technology. I am determined that we in Britain should reap the fullest benefit from such technology. That is not a task for the Government alone. It calls for partnership between industry, the science base and the Government. I am grateful to my hon. Friend for opening up space for the debate with his contribution. I am sorry that there are not more hon. Members here to join in, but I hope that this will be the first of many debates on this vital topic.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes to Three o'clock.

Written Answers to Questions

Monday 30 June 1997

HOME DEPARTMENT

Child Protection

Mrs. Ann Winterton: To ask the Secretary of State for the Home Department what has been the expenditure by each police force in each of the last five years for which figures are available devoted to enforcing the Protection of Children Act 1978. [5449]

Mr. Michael: This information is not collected centrally.

Child Pornography

Mrs. Ann Winterton: To ask the Secretary of State for the Home Department what has been the expenditure of the National Criminal Intelligence Service in each of the last five years for which figures are available devoted to gathering information on child pornography. [5451]

Mr. Michael: Gathering information on child pornography is only one area of the work of the National Criminal Intelligence Service (NCIS) Paedophile Section and it is not possible to separate expenditure for that purpose from the other activities of the Section. Figures for expenditure by the Paedophile Section, available for the last two years only, are as follows:

1995–96: £53,027

1996–97: £61,672.

These figures are based on staff costs and running expenses but exclude costs of accommodation and other central expenditure.

Other units in NCIS, such as Interpol and Europol, also conduct work to combat paedophilia and child pornography, but their expenditure on such activity is not separately recorded.

Primary Purpose Rules

Mr. Jim Cunningham: To ask the Secretary of State for the Home Department what factors underlie the proposed retention of the part of the primary purpose rules which requires the couple to prove that they intend to live together permanently as husband and wife. [5627]

Mr. Mike O'Brien: The requirement in the Immigration Rules on marriage to which my hon. Friend refers is not part of the primary purpose rule. It is needed to prevent foreign nationals from using sham marriages as a means to obtain settlement here. The primary purpose rule affected genuine marriages.

Victim Support

Mrs. Brinton: To ask the Secretary of State for the Home Department (1) what plans he has to review the funding for victim support schemes; [5982]

(2) when he plans to make a decision on the provision and funding of a helpline service for all victims of crime. [5984]

Mr. Michael: We regard support for victims of crime as a priority. We have therefore made available immediately an additional £1 million a year for the work of Victim Support, taking their annual grant to £12.7 million. The extra money will enable Victim Support to set up a national helpline for victims of crime, and to develop further the work of their court-based and local support schemes. We shall maintain a continuing dialogue with Victim Support about their programme of work and funding.

Mrs. Brinton: To ask the Secretary of State for the Home Department what representations he has received concerning the feasibility and cost of providing a nationwide victim support service for witnesses in magistrates courts. [5983]

Mr. Michael: We have received a number of representations about the perceived need to improve services for victims, witnesses and other users of magistrates courts, although details have not been collated centrally. A draft final research consultancy report commissioned to assess those needs and to recommend realistic and affordable options for improving support is currently being considered by a standing group of officials from the Government departments and criminal justice agencies with an interest in improving the court/trials process. Victim Support is represented on that group. The group's deliberations should help us to determine priorities for improving services for users of magistrates' courts and how these might best be provided.

Plastic Baton Rounds

Mr. Sedgemore: To ask the Secretary of State for the Home Department in what circumstances plastic baton rounds are used by police in England and Wales. [6116]

Mr. Michael: Police forces in England and Wales hold plastic baton rounds for use as a last resort in dealing with serious public disorder. They may be used where conventional methods of policing have been tried and failed or are unlikely to succeed if tried, and where the chief officer decides such action to be necessary because of the risk of loss of life or serious injury, or of widespread destruction of property where the damage may lead to serious risk of loss of life or serious personal injury. Plastic baton rounds have never been used operationally in England and Wales.

Patrick Nicholls

Mr. Mullin: To ask the Secretary of State for the Home Department, pursuant to his answer of 25 June, *Official Report,* column *510,* on the case of Mr. Patrick Nicholls; what part Mr. Nicholls's insistence that he is innocent has played in the Parole Board's decision; and if he will make a statement. [6132]

Ms Joyce Quin: The reasons given by the Parole Board for their latest decision in Mr. Nicholls's case do not refer to his insistence on his innocence.

Community Safety

Mrs. Brinton: To ask the Secretary of State for the Home Department what plans he has to implement the report of the 1991 working party recommendations to give local authorities a statutory duty to organise plans for community safety. [5985]

Mr. Michael: We intend to place a new responsibility on local authorities and the police service jointly to develop statutory local partnerships for crime prevention and community safety and to agree, with the key partners, local community safety targets. Our proposals will be developed on the basis of full consultation with all interested parties. This will be included in the forthcoming Crime and Disorder Bill.

Sex Offenders

Mr. Green: To ask the Secretary of State for the Home Department when he will implement the provisions of the Sex Offenders Act 1997. [5974]

Mr. Michael: We plan to implement the Sex Offenders Act 1997 later this year and we are currently working with the police and others on the systems necessary to achieve early implementation.

Anti-social Behaviour

Caroline Flint: To ask the Secretary of State for the Home Department what measures he is proposing to tackle anti-social behaviour within neighbourhoods. [5492]

Mr. Michael: We intend to introduce Community Safety Orders in the Crime and Disorder Bill.

Courts will be given the power to grant such orders on the application of a local authority or the police. The order will apply to a named individual or individuals and would prevent that person or persons from continuing with specified anti-social conduct.

A breach of the order will be a criminal offence which would carry stiff penalties—including the possibility of imprisonment.

Traffic Police

Mrs. Dunwoody: To ask the Secretary of State for the Home Department what representations he has received from ACPO about *(a)* placing traffic duties within the core objectives for chief constables, *(b)* the establishment of specialised traffic units and *(c)* the training of traffic officers. [5432]

Mr. Michael: In the current review of the key policing objectives for 1998–99, my Department has been advised that there is some support within the Association of Chief Police Officers (ACPO) for a national objective on traffic policing, but I understand that this view is not supported by ACPO as a whole.

Issues concerning the organisation of traffic units within police forces and the training of traffic officers fall within the operational responsibilities of individual chief constables. My Department has not received representations from ACPO about those matters.

Convicted Child Sex Offenders

Caroline Flint: To ask the Secretary of State for the Home Department what measures he will take to ensure that convicted child sex offenders, during their prison sentence, are not placed on community work programmes which bring them into direct contact with children. [5491]

Ms Joyce Quin: Procedures are already in place to identify prisoners convicted of current or previous offences, including sexual offences, against children and young persons under the age of eighteen. In considering applications for release on temporary licence for work outside the establishment, both the nature of the work and the prisoner's offences are taken into account as part of a mandatory rigorous risk assessment process, which includes consultation with the police and probation services in serious cases. These arrangements are designed to prevent the temporary release of any prisoner considered to pose an undue risk to public safety.

Immigration (Detainees)

Dr. Harris: To ask the Secretary of State for the Home Department how many persons detained under Immigration Act powers in *(a)* 1995 and *(b)* 1996 were subsequently granted leave to remain in the United Kingdom. [5410]

Mr. Mike O'Brien: The number of persons granted leave to remain[1] in the United Kingdom who had, at some stage[2], been detained was 470 in 1995, and 540 in 1996.

[1] Includes cases where enforcement action was withdrawn or abandoned and asylum cases that were granted or given exceptional leave to remain, indefinite leave to remain or exceptional leave to enter.

[2] Detention period does not necessarily relate to the year of decision.

Dr. Harris: To ask the Secretary of State for the Home Department what was the average length of detention of persons detained under Immigration Act powers, in the three most recent years for which figures are available. [5413]

Mr. O'Brien: Information on the average length of time a person has been kept in detention under Immigration Act powers can be obtained only by examination of individual case records. I regret that the information requested is, therefore, available only at disproportionate cost.

Dr. Harris: To ask the Secretary of State for the Home Department how many cases of persons detained under Immigration Act powers were reviewed at Immigration Service Headquarters level in *(a)* 1994, *(b)* 1995 and (c) 1996. [5401]

Mr. O'Brien: Information on the number of cases of persons detained under Immigration Act powers reviewed at Immigration Service Headquarters level can be obtained only by examination of individual case records. I regret that the information requested is, therefore, available only at disproportionate cost.

Dr. Harris: To ask the Secretary of State for the Home Department, pursuant to his answer to the hon. Member for Islington, North (Mr. Corbyn) of 9 June, *Official Report*, column *336*, what proportion of those currently detained under Immigration Act powers have sought a judicial review of the decision to detain them. [5402]

Mr. O'Brien: Information on the proportion of persons detained under Immigration Act powers who have sought a judicial review of the decision to detain can be obtained only by examination of individual case records. I regret that the information requested is, therefore, available only at disproportionate cost.

Dr. Harris: To ask the Secretary of State for the Home Department what was the total number of persons detained under Immigration Act powers for six months or longer in *(a)* 1995 and *(b)* 1996. [5403]

Mr. O'Brien: Reliable information on the historical flow of persons placed into detention and on the length of such detention can be obtained only through examination of individual case records. I regret that the information requested is, therefore, available only at disproportionate cost.

Dr. Harris: To ask the Secretary of State for the Home Department, pursuant to his answer to the hon. Member for Islington, North (Mr. Corbyn) of 9 June, *Official Report*, column *336*, what proportion of those currently detained under Immigration Act powers have at some stage applied for bail to an independent adjudicator. [5404]

Mr. O'Brien: Information on the proportion of persons detained under Immigration Act powers who have at some stage applied for bail to an independent adjudicator can be obtained only by examination of individual case records. I regret that the information requested is, therefore, available only at disproportionate cost.

Criminal Injuries Compensation Scheme

Mr. Dismore: To ask the Secretary of State for the Home Department how much compensation has been paid out under the Criminal Injuries Compensation Scheme in each of the last five years; and how much he estimates will be paid in the current year. [5809]

Mr. Michael: The total compensation paid in each of the last five years is as follows:

1992–93: £152 million

1993–94: £165 million

1994–95: £175 million

1995–96: £179 million

1996–97: £211 million (subject to audit).

Vote provision for compensation in the current year is £214 million. We expect that provision to be taken up in full.

Mr. Dismore: To ask the Secretary of State for the Home Department how many cases under the Criminal Injuries Compensation Scheme which were decided under the illegal tariff scheme remain to be reviewed. [5814]

Mr. Michael: None.

Mr. Dismore: To ask the Secretary of State for the Home Department how many cases have been referred to the Criminal Injuries Compensation Appeal Board, under the 1995 tariff scheme. [5810]

Mr. Michael: In the period 1 April 1996 to 24 June 1997, the Criminal Injuries Compensation Appeals Panel received 1,020 applications for appeal.

Mr. Dismore: To ask the Secretary of State for the Home Department how many cases were lodged with the Criminal Injuries Compensation Scheme in each of the last five years. [5812]

Mr. Michael: The number of applications received was as follows:

1992–93: 65,977

1993–94: 73,473

1994–95: 71,734

1995–96: 75,667

1996–97: 75,032 (subject to audit).

Mr. Dismore: To ask the Secretary of State for the Home Department what is the average time taken to determine an application to the Criminal Injuries Compensation Scheme under the 1995 tariff scheme. [5811]

Mr. Michael: The 1996 tariff scheme started on 1 April 1996. In the first year of the scheme's operation, the Authority issued decisions in 75 per cent. of all cases within 8 months of the receipt of the application. 13,566 cases were completely resolved in the year, with the average time for resolution in those cases being 6 months.

Mr. Dismore: To ask the Secretary of State for the Home Department how many cases under the Criminal Injuries Compensation Scheme lodged prior to the introduction of the illegal tariff scheme remain to be determined. [5813]

Mr. Michael: The Board has informed me that some 5,700 cases registered prior to 1 April 1994 still await final resolution. Of these, 5,320 cases are appeals against the original decision.

Mr. Dismore: To ask the Secretary of State for the Home Department if he will list the names, dates of appointment, qualifications and relevant experience of members of the Criminal Injuries Compensation Appeal Panel. [5116]

Mr. Michael: The information requested is set out below.

Member's name	*Appointed*	*Qualifications/experience*
Martin J. S. Axtell Esq.	7 March 1997	Solicitor, Higher Court Advocate and Recorder.
George H. Bardwell Esq. CBE	27 January 1997	Management consultant and former civil servant. Part time Chairman of the Civil Service Selection Board.
David Barker Esq. QC	1 February 1997	Barrister. [Member of the Criminal Injuries Compensation Board (CICB)]
Dr. Thelma Bates	27 January 1997	Consultant (retired) in clinical oncology. Chairman of GMC Health Committee.
W. Keith C. Beattie Esq.	27 January 1997	Group Personnel Director in private sector Member of Industrial Tribunals.

Member's name	*Appointed*	*Qualifications/experience*
Sir Derek Bradbeer OBE	1 March 1996	Solicitor. Member of CICB.
David Brown Esq.	1 March 1996	Businessman, Chairman West Sussex Committee for Employment of the Disabled.
Miss Lesley Clare	12 February 1997	Former Scottish Office Civil Servant. Experienced in victims' issues.
His Honour Sir Jonathan Clarke	27 January 1997	Retired judge. [Member of CICB]
Ms Linda Costelloe Baker	6 February 1997	Management consultant and former Probation Service Manager. Member of Parole Board for Scotland.
Miss Diana Cotton QC	1 March 1996	Barrister. [Member of CICB]
Surgeon Rear Admiral Alexander Craig	16 May 1997	Medical Director General (Navy Retired).
Dr. Ann Fingret	1 March 1996	Consultant in Occupational Medicine.
Jonathan R. Foster Esq. QC	25 February 1997	Barrister. [Member of CICB]
David Gabbitass Esq.	1 March 1996	Solicitor. [Member of CICB]
Sir Richard Gaskell	27 January 1997	Retired solicitor. [Member of CICB]
Edward Gee Esq.	4 March 1997	Solicitor. [Member of CICB]
Dr. Eric Godfrey	1 March 1996	GP with mental health and industrial medical experience.
Alastair M. Hill Esq. QC	1 March 1997	Retired barrister. Has worked for the Crown Prosecution Service and is experienced in personal injury matters.
Frank Howard Esq.	1 March 1996	Trade Union Official. JP
Michael E. A. Innes Esq.	6 February 1997	Retired merchant banker. Member of complaints committee of Law Society of Scotland. Accountant
Michael Lewer Esq. QC	1 March 1996	Barrister. Chairman of CICAP [and Member of CICB]
Miss Geraldine Lindley	1 March 1996	Homoeopathist. Trained as Barrister. Founding member of Victim Support in Bristol.
Crawford Lindsay Esq. QC	1 March 1996	Barrister. [Member of CICB]
Nicholas F. Lowe Esq.	27 January 1997	Accountant, JP, Former National Director of Barnados.
Harley Lumsden Esq. WS	1 March 1996	Businessman. Formerly a solicitor in Scotland.
John M. Lusby Esq.	27 January 1997	Former General Manager of Lothian Health Board
Lord Macaulay of Bragar QC	26 March 1997	Barrister. [Member of CICB]
Roderick MacDonald QC	16 February 1997	Barrister. [Member of CICB]
Mrs. Suzan P. Matthews QC	1 March 1997	Practising barrister. Specialist in criminal, civil and family law.
Dr. G. J. Ross McHardy	9 February 1997	Retired consultant physician. Experience in appeals tribunals.
Alexander E. McIlwain Esq. CBE WS	6 February 1997	Solicitor. Former Scottish Law Society President.
Major General Anthony L Meier CB OBE	5 February 1997	Senior Army Officer (Retired), NHS Trust Board Member.
Dr. John Miles	1 March 1996	Former civil servant and college lecturer. Works for Prince's Trust.
Terence Molloy Esq. JP	1 March 1996	Trade Union Official. Member of Parole Board.
Charles A. Norris Esq.	27 January 1997	Solicitor specialising in personal injury work.
Miss Erica M. Norton OBE	27 January 1997	Former Assistant Chief Constable.
Michael Park Esq. CBE	1 March 1996	Solicitor. [Member of CICB]
Lawrence Peterken Esq. CBE	6 February 1997	Former chief executive Glasgow Health Board, with experience in local government and industry.
David C. de Peyer Esq.	27 January 1997	Former Director General, Cancer Research Campaign.
Robin Pinto Esq.	4 March 1997	Consultant psychiatrist. Experience of Medico-legal work.
Dame Avril Poole DBE, RGN, RM, RHV, CBIM	27 January 1997	Former Chief Nursing Officer, Department of Health
John Scampion Esq.	1 March 1997	Former chief executive of local authority. Commissioner for Social Fund for Great Britain and Northern Ireland.
John Michael Shorrock Esq. QC	27 January 1997	Barrister. [Member of CICB]
Amolak Singh Esq.	1 March 1997	Dental practitioner and general secretary of General Dental Practitioners Association. Experience of Medico-legal work.
His Honour Eric Stockdale	27 January 1997	Retired judge. [Member of CICB]
Anthony V. Summers Esq.	9 March 1997	Solicitor. Senior Partner specialising in Civil Litigation.
Mrs. Rosemary E. R. Thomson CBE JP MA	27 January 1997	Former Chairman of Council, The Magistrates Association.
Dr. Frances M. Walters	27 January 1997	Senior Partner, General Medical Practice.
Donald Williams Esq.	11 February 1997	Former solicitor, Recorder and Chairman of Industrial Tribunals.
Austin P. Wilson Esq.	27 January 1997	Former Home Office Civil Servant, experienced in Criminal Policy matters.
Dr. D. Pamela Wills	10 February 1997	Child/adolescent consultant psychiatrist. Experienced in Tribunals.

Asylum Seekers

Dr. Harris: To ask the Secretary of State for the Home Department (1) what proportion of those asylum seekers currently detained under Immigration Act powers were first detained at a time when *(a)* their asylum claim had yet to be determined by the Home Office, *(b)* their appeal against a refusal of asylum had yet to be determined by an adjudicator or the Immigration Appeal tribunal and *(c)* they had exhausted all appeal rights; [5412]

(2) if he will provide a breakdown of the total number of asylum seekers currently detained under Immigration Act powers by *(a)* nationality, *(b)* gender, *(c)* length of time in detention, *(d)* location and *(e)* immigration status at the time of detention. [5405]

Mr. Mike O'Brien: The available information on those persons recorded as detained under Immigration Act powers as at 31 May 1997, and who had sought asylum at some stage, is given in the tables.

I regret that information on the stage at which these persons were first placed into detention could be obtained only at disproportionate cost.

Table 1. Number of people recorded as being detained[1,2] on 31 May 1997 who had sought asylum at some stage, by gender and immigration status

Gender	Port	Illegal entrants	Subject to deportation action	Total
Male	297	334	49	680
Female	29	19	5	53
Total	326	353	54	733

[1] Provisional figures.
[2] Persons detained solely under the powers contained in Schedule 2 or 3 of the Immigration Act 1971.

Table 2: Number of people recorded as being detained[1,2] on 31 May 1997 who had sought asylum at some stage, by stage of application and immigration status

Stage of application	Port	Illegal entrants	Subject to deportation action	Total
Awaiting initial decision	82	87	5	174
Awaiting result of appeal	139	132	33	304
Awaiting removal[3]	105	134	16	255
Total	326	353	54	733

[1] Provisional figures.
[2] Persons detained solely under the powers contained in Schedule 2 or 3 of the Immigration Act 1971.
[3] Includes cases where the result of a further challenge is awaited or where another bar to removal currently exits.

Table 3. Number of people recorded as being detained[1,2] on 31 May 1997 who had sought asylum at some stage, by length of detention[3] and immigration status

Length	Port	Illegal entrants	Subject to deportation action	Total
0–1 Month[1]	77	80	8	165
1–2 Months	59	81	4	144
2–6 Months	131	143	18	292
6–12 Months	48	44	19	111
12 Months+	11	5	5	21
Total	326	353	54	733

[1] Provisional figures.
[2] Persons detained solely under the powers contained in Schedule 2 or 3 of the Immigration Act 1971.
[3] In some cases the date a person enters detention may be understated due to the method of recording.

Table 4: Number of people recorded as being detained[1,2] on 31 May 1997 who had sought asylum at some stage, by nationality and immigration status

Nationality	Port	Illegal entrants	Subject to deportation action	Total
India	19	100	4	123
Nigeria	49	38	15	103
Algeria	15	55	6	76
China	38	13	0	51
Pakistan	21	23	5	49
Ghana	12	12	3	27
Turkey	16	5	1	22
Bangladesh	3	13	3	19

Table 4: Number of people recorded as being detained[1,2] on 31 May 1997 who had sought asylum at some stage, by nationality and immigration status

Nationality	Port	Illegal entrants	Subject to deportation action	Total
Cyprus	14	2	0	16
Sri Lanka	8	5	0	13
Columbia	11	1	0	12
Kenya	9	2	1	12
Yugoslavia	10	1	1	12
Angola	6	4	1	11
Gambia	7	3	1	11
Poland	6	5	0	11
Romania	1	10	0	11
Albania	3	7	0	10
Liberia	10	0	0	10
Uganda	6	2	0	8
Jamaica	3	4	0	7
Lithuania	4	3	0	7
Somalia	6	0	1	7
Ethiopia	3	3	0	6
Morocco	1	4	1	6
Ivory Coast	1	3	1	5
Russia	1	4	0	5
Sierra Leone	5	0	0	5
Bulgaria	3	1	0	4
Iran	3	1	0	4
South Africa	3	0	1	4
Tunisia	1	2	1	4
Zaire	3	0	1	4
Afghanistan	1	2	0	3
Cameroon	1	2	0	3
Ecuador	3	0	0	3
Lebanon	1	2	0	3
Sudan	1	2	0	3
Other	18	16	6	40
Nationality Doubtful	0	3	0	3
Total	326	353	54	733

[1] Provisional figures.
[2] Persons detained solely under the powers contained in Schedule 2 or 3 of the Immigration Act 1971.

Table 5. Number of people recorded as being detained[1,2] on 31 May 1997 sought asylum at some stage, by location of detention and immigration status

	Port	Illegal entrants	Subject to deportation action	Total
Prisons				
HMP Rochester	57	58	7	122
HMP Haslar	28	31	10	69
HMP Greenock	1	15	0	16
HMP Magilligan	0	12	0	12
HMP Birmingham	1	7	1	9
HMP Wormwood Scrubs	2	5	1	8
HMP Brixton	0	5	2	7
HMP Manchester	0	4	0	4
HMP Armley	0	2	1	3
HMP Holloway	0	1	2	3
HMP Wandsworth	0	1	2	3
HMP Bristol	0	2	0	2
HMP Liverpool	0	1	1	2
Other prison	8	6	5	19

Table 5. Number of people recorded as being detained [1 2] on 31 May 1997 sought asylum at some stage, by location of detention and immigration status

	Port	Illegal entrants	Subject to deportation action	Total
Other Places of Detention				
Campsfield House	68	52	9	129
Tinsley House	56	41	7	104
Hammondsworth	50	29	5	84
Police Cells	18	61	1	80
Queens Building	10	5	0	15
Manchester Airport	3	6	0	9
Dover Harbour	8	0	0	8
Other place	16	9	0	25
Total	326	353	54	733

[1] Provisional figures.
[2] Persons detained solely under the powers contained in Schedule 2 or 3 of the Immigration Act 1971.

Dr. Harris: To ask the Secretary of State for the Home Department how many persons applying for asylum at ports of entry were detained under Immigration Act powers for one night or longer in each month of *(a)* 1995 and *(b)* 1996. [5411]

Mr. O'Brien: The information requested is given in the table.

Number[1] of persons who had applied for asylum on arrival in the United Kingdom and were placed into detention under Immigration Act powers[2 3] 1995 and 1996 by month

Month	1995	1996
January	155	140
February	140	135
March	160	150
April	185	130
May	135	125
June	175	150
July	155	155
August	145	160
September	145	200
October	185	145
November	165	145
December	195	150
Total	1,945	1,785

[1] Provisional and estimated figures rounded to the nearest 5.
[2] Persons detained solely under the powers contained in Schedule 2 or 3 of the Immigration Act 1971.
[3] Includes those placed into detention on the day of their arrival in the United Kingdom, or the following day, but excludes those cases where detention length can be established as being less than one night in duration.

Singh Shingara Case

Sir Richard Body: To ask the Secretary of State for the Home Department if he will make a statement on the implications of the judgment by the European Court of Justice in the Singh Shingara case for rulings by his Department. [5395]

Mr. Straw: The implications of this judgment will be taken into account by the High Court when it resumes its consideration of Mr. Shingara's application for judicial review of the decision to exclude him from the United Kingdom.

Privately Managed Prisons

Mr. Bob Russell: To ask the Secretary of State for the Home Department what proportion of the estimated cost savings attributed by his Department to privately managed prisons is accounted for by *(a)* lower pay and shorter pay scales, *(b)* longer working hours, *(c)* less generous pension provision and *(d)* less generous provision in respect of sick pay and holidays; and which of these policies he proposes to introduce to the publicly managed Prison Service. [5803]

Ms Joyce Quin: A research report published on 29 October 1996, a copy of which is in the Library, showed that on 1995–96 figures, prisons operated by the private sector are 11–17 per cent. cheaper than comparable prisons operated in the public sector. A further study is now under way, with the co-operation of contractors, to define in more detail how the private sector operators achieve lower operating costs. The work is not yet completed, and I will consider the implications of its findings when I receive the final report.

Asylum and Immigration Act

Dr. Harris: To ask the Secretary of State for the Home Department, pursuant to his answer to the hon. Member for Lewes (Mr. Baker) 9 June, *Official Report*, column *323*, which organisations he *(a)* is consulting and *(b)* plans to consult, in relation to his review of the provisions of the Asylum and Immigration Act 1996. [5406]

Mr. Mike O'Brien: We will consult widely before taking any decisions about the 1996 Act. A number of organisations have already given us their views.

Nuclear Materials

Mr. Fearn: To ask the Secretary of State for the Home Department what assessment he has made of the success of Europol in *(a)* detecting and *(b)* preventing the illegal movement and trade of nuclear materials. [5957]

Mr. Michael: The mandate of the Europol Drugs Unit to assist member states in tackling serious trans-national crime was extended to cover illicit trafficking in radioactive and nuclear substances in March 1995. Since then, the Unit has received only a small number of requests from member states for assistance in this area. The Unit has also undertaken strategic work on the threat to the European Union from this form of crime.

The assistance which the Unit will be able to offer member states will be augmented on entry into force of the Europol Convention. A key change will be Europol's ability to pool and analyse intelligence in central databases.

Crime Prevention

Mr. Gunnell: To ask the Secretary of State for the Home Department what measures he plans to take to co-ordinate the work of voluntary organisations concerned with the prevention, detection and effects of crime with special reference to Victim Support and Crime Concern with those from the statutory authorities with special reference to the Safer Cities Project. [4810]

Mr. Michael *[holding answer 25 June 1997]:* The Government are committed to reducing crime through the enhancement of local partnership arrangements. That is why we intend to create a statutory duty for local authorities and the police service jointly to ensure that the vital work of all key agencies—voluntary and statutory—is brought together locally within a co-ordinated multi-agency framework.

The local community—which includes residents, voluntary organisations and the business community—will be involved in identifying local problems of crime and disorder and together will then draw up and implement plans to tackle those identified local problems.

In this way, everyone's effort will be complementary, mutually supportive and, above all, better focused on local problems.

EDUCATION AND EMPLOYMENT

Training and Enterprise Councils

Mr. Willis: To ask the Secretary of State for Education and Employment if he will list the balance held by each TEC at the end of 1996–97. [4290]

Dr. Howells: A list of Training and Enterprise Councils (TECs), their surpluses and accumulated reserves, as shown in their audited annual statutory accounts, at the end of the financial year 1995–96 is shown in the following table. This is the most recent year for which information is available.

TECs are allowed to generate surpluses and create reserves by subcontracting training at a lower unit price than that negotiated with the Department. Surpluses are used by TECs on activities in support of their corporate and business plan objectives which are agreed with the Government.

TECs have provided further information which reports that the total reserves of almost £260 million comprised £51 million for investment in capital assets, £86 million for working capital and £123 million for discretionary expenditure. Of the sum available for discretionary expenditure, TECs report that £102 million was earmarked for planned expenditure in 1996–97 and beyond, for training, enterprise and economic regeneration initiatives.

TECs/CCTEs by region

	Post tax surplus/deficit 1995–96 £	*Reserves 1995–96* £
Northern		
County Durham	(646,364)	6,413,585
Northumberland	475,842	6,511,028
Teesside	437,000	7,234,000
Tyneside	2,101,000	4,407,000
Sunderland (Wearside)	1,590,984	4,725,925
	3,958,462	29,291,538
Merseyside		
CEWTEC	897,592	3,424,783
Merseyside	(2,867,096)	4,455,012
St. Helens	(293,520)	832,294
	(2,263,024)	8,712,089

TECs/CCTEs by region

	Post tax surplus/deficit 1995–96 £	*Reserves 1995–96* £
North West		
Bolton/Bury	(238,453)	3,867,289
Manchester	560,301	5,155,404
METRO	213,325	971,827
Oldham	102,240	1,240,279
Rochdale	138,448	1,932,813
South and East Cheshire	1,322,376	3,808,389
Stockport and High Peak	(48,248)	2,715,158
Cumbria	422,291	3,121,591
ELTEC	(74,614)	3,259,567
LAWTEC	(337,754)	5,626,129
NORMID	539,256	2,996,717
	2,599,168	34,695,163
Yorkshire and the Humber		
Barnsley/Doncaster	2,552,000	5,948,000
Bradford	(436,245)	2,311,416
Calderdale and Kirklees	97,846	1,986,121
Humberside	419,280	6,229,229
Leeds	207,287	4,228,110
North Yorkshire	(132,000)	5,535,000
Rotherham	1,074,660	4,419,256
Sheffield	788,000	5,717,000
Wakefield	500,611	4,107,933
	5,071,439	40,482,065
Eastern		
Bedfordshire	392,006	1,347,628
Cambs	378,209	1,286,849
Essex	2,459,798	7,066,397
Greater Peterborough	(75,628)	1,408,067
Hertfordshire	520,000	3,770,000
Norfolk and Waveney	1,372,000	4,260,000
Suffolk	1,158,123	2,290,854
	6,204,508	21,429,795
East Midlands		
Greater Nottingham	817,000	2,394,000
Leicester	1,252,154	6,472,807
Lincolnshire	652,071	2,295,863
Northamptonshire	443,441	1,991,332
North Derbyshire	138,008	1,238,306
North Nottinghamshire	280,867	3,111,550
South Derbyshire	642,000	3,961,000
	4,225,541	21,464,858
West Midlands		
Birmingham	1,013,000	3,987,000
Central England	255,810	1,798,394
Coventry/Warwick	976,966	2,835,271
Dudley	(277,643)	940,007
HAWTEC	309,857	1,164,866
Sandwell	385,104	1,691,913
Shropshire	497,489	2,273,100
Staffordshire	385,000	5,629,000
Walsall	563,982	1,254,626
Wolverhampton	161,000	1,700,000
	4,270,565	23,274,177
South West		
Westec	341,000	4,316,000
Devon/Cornwall	(620,000)	3,465,000
Dorset	(264,911)	2,626,165
Gloucester	980,410	3,619,487
Somerset	(48,000)	2,003,935
Wiltshire	28,106	1,551,212
	416,605	17,581,799

TECs/CCTEs by region

	Post tax surplus/deficit 1995–96 £	*Reserves 1995–96* £
London		
AZTEC	884,679	4,397,861
CENTEC	(22,482)	2,701,498
CILNTEC	54,123	2,405,603
LETEC	2,505,452	8,530,616
North London	802,634	7,066,973
North West London	1,051,535	2,581,550
SOLOTEC	2,575,000	6,249,000
South Thames	0	0
West London	1,383,308	2,608,221
	9,234,249	36,541,322
South East		
Hampshire	(1,077,933)	3,758,587
Isle of Wight	140,565	921,777
Kent	1,385,448	6,189,635
Milton Keynes/ North Buckinghamshire	222,758	1,151,259
Heart of England	(352,446)	2,340,596
Surrey	(56,808)	2,043,823
Sussex	(960,000)	4,595,000
Thames-Valley Ent.	333,309	5,332,077
	(365,107)	26,332,754
Grand Total	33,352,406	259,805,560

Further Education Colleges

Mr. Chaytor: To ask the Secretary of State for Education and Employment how many further education colleges in England and Wales face budget reductions for the financial year 1997–98. [5330]

Dr. Howells: The Further Education Funding Council has determined final allocations for the academic year 1997–98 in respect of 227 colleges. 109 of these colleges have reduced allocations compared to their funding allocations at the start of 1996–97. 202 of these colleges have reduced allocations compared to their estimated out-turn for 1996–97. Final allocations have still to be made for the remaining 220 colleges.

The responsibility for colleges in Wales lies with my right hon. Friend the Secretary of State for Wales.

Mr. Chaytor: To ask the Secretary of State for Education and Employment how many further education colleges in England and Wales are currently operating with a financial deficit. [5329]

Dr. Howells: Based on audited accounts for the academic year ending July 1996, the number of colleges in England with an operating deficit is 275. The total operating deficit involved is £112 million, equivalent to 2.9 per cent. of total income.

The responsibility for colleges in Wales lies with my right hon. Friend the Secretary of State for Wales.

Mr. Chaytor: To ask the Secretary of State for Education and Employment (1) how many students were enrolled in further education colleges in England and Wales during 1992–93; [5327]

(2) how many students are enrolled in further education colleges in England and Wales during the current financial year. [5328]

Dr. Howells: The figures in table 1 below show the number of FE and HE students in further education colleges in England in the academic years, 1992–93 and 1996–97. In order to provide data on a comparable basis, the 1992–93 figure includes information for sixth form colleges which became part of the FE sector in April 1993. Information for 1996–97 is provisional.

Table 1: Number of students in further education colleges in England (thousands)

Academic year	*Number of students in further education colleges*[1]
1992–93	1,952.5
1996–97 (Provisional)	2,351.8

Note:
[1]As at 1 November.

Mr. Truswell: To ask the Secretary of State for Education and Employment what criteria he will employ in considering proposed mergers of further education colleges; and if continuity, choice and accessibility of courses will be essential requirements. [5277]

Dr. Howells: My right hon. Friend will normally consider proposed mergers on the basis of a formal proposal from the Further Education Funding Council for England. The Council assesses proposals against criteria which include the benefits to existing and future students in terms of access and choice. It is also a statutory requirement, contained in S.I. 1992 No. 2361, that public notices in respect of proposals shall include the educational provision to be made for those students who have not completed their courses at the time of the merger.

Mr. Truswell: To ask the Secretary of State for Education and Employment what plans he has to review the effects of the incorporation of colleges and of the further education funding council system, particularly as regards areas served by a number of further education institutions. [5315]

Dr. Howells: My right hon. Friend expects the further education sector to continue to be funded by the Further Education Funding Council for England and for colleges to continue to be governed as independent institutions. In areas served by a number of colleges, he would welcome greater collaboration between them.

Departmental Advisers

Mr. Mitchell: To ask the Secretary of State for Education and Employment if he will list the special advisers in his Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in his Department in the year up to 1 May. [5359]

Mr. Blunkett: I refer my hon. Friend to my replies given to the hon. Member for Chesham and Amersham on 10 June and 19 June, *Official Report*, cols. *369* and *258* respectively.

Both of my advisers are employed under terms and conditions based on the model contract for Special Advisers. In accordance with Schedule 1 (part 1) of the

model contract, Conor Ryan is advising me on press and policy presentation strategy; school standards; lifelong learning; University for Industry; information technology; Welfare to Work and the Education White Paper. Sophie Linden (part time) is advising me on Nursery and Primary (literacy and numeracy) education; Teacher training; Millennium volunteers; Young People/Pupil welfare and links with Parliament.

Any additional provision will be directed at the development of employment and employability issues, together with specific support to me in dealing with confidential written material, reflecting the particular circumstances I face in undertaking my job on equal terms with my other ministerial colleagues.

The Department employed two advisers in the year up to 1 May 1997.

Pupils, Gloucestershire

Mr. Nigel Jones: To ask the Secretary of State for Education and Employment how many children in Gloucestershire are in full time education in *(a)* primary and *(b)* secondary schools. [5368]

Mr. Byers: In January 1997 (provisional estimates), the numbers of full time children in maintained primary and secondary schools in Gloucestershire Local Education Authority area were 46,152 and 34,961 respectively.

Class Sizes

Mr. Nigel Jones: To ask the Secretary of State for Education and Employment how many primary school children in Gloucestershire have been taught in class sizes larger than 29 in each of the last 10 years for which figures are available; and if he will make a statement. [5369]

Mr. Byers: The information requested is shown in the following table.

Numbers of pupils in one teacher classes of 30 or more in maintained primary schools in Gloucestershire Local Education Authority Area: 1988–1997

Position as at January	*Number*
1997 (provisional estimates)	19,630
1996	17,936
1995	15,975
1994	14,693
1993	13,172
1992	12,483
1991	12,054
1990	13,588
1989	13,468
1988	15,298

Mr. McNulty: To ask the Secretary of State for Education and Employment what are the average and maximum numbers of children in primary school classes in (i) Harrow, East and (ii) Harrow, West; and how many are educated in class sizes of over 30 pupils. [5352]

Mr. Byers: The available information is shown in the following table.

The information in Table 2 puts into context the information on maximum class sizes in Table 1.

Table 1: Average and maximum class size and number of pupils in classes of 31 or more pupils for classes taught by one teacher in maintained primary schools in the Harrow Parliamentary Constituencies in January 1997 (Provisional Estimates)

	Average class size	*Maximum size class*	*Pupils in classes of 31 or more*
Harrow West	27.6	35	1,818
Harrow East	27.4	35	1,845

Table 2: Numbers of classes and pupils by class size for classes taught by one teacher in maintained primary schools in the Harrow Parliamentary Constituencies in January 1997 (Provisional Estimates)

	Size of class											
	1–20		*21–30*		*31–35*		*36–40*		*41 or more*		*Total*	
	Number of classes	*Number of pupils*	*Number of classes*	*Number of pupils*	*Number of classes*	*Number of pupils*	*Number of classes*	*Number of pupils*	*Number of classes*	*Number of pupils*	*Number of classes*	*Number of pupils*
Harrow West	23	321	181	5,073	57	1,818	0	0	0	0	261	7,212
Harrow East	20	291	256	7,031	58	1,845	0	0	0	0	334	9,167

Further Education (Funding)

Mr. Chaytor: To ask the Secretary of State for Education and Employment what proposals he has to review *(a)* the Further Education Funding Council's funding methodology and *(b)* its policy of funding convergence. [5325]

Dr. Howells: The report of a working group of the Further Education Funding Council on the funding methodology is due to be published shortly. The Council's announcement last month on funding convergence policy followed consultation with colleges earlier in the year.

Further Education (Strategic Planning)

Mr. Truswell: To ask the Secretary of State for Education and Employment if he intends to introduce a system of strategic planning into the further education sector, particularly in areas served by a number of colleges. [5314]

Dr. Howells: In order to assess whether it is fulfilling its statutory duties in respect of the provision of adequate and sufficient further education in England the Further Education Funding Council for England requests all further education sector colleges to produce strategic plans covering a three year period.

School Playing Fields

Mr. Pendry: To ask the Secretary of State for Education and Employment in what form the Government plans to replace DES Circular 909 in order to stop encouraging schools from selling their playing fields. [6080]

Mr. Byers: The Education (School Premises) Regulations 1981 were replaced last year by the Education (School Premises) Regulations 1996, which set out minimum areas of grassed playing field for all schools with pupils over 8 years old.

We intend to make sure that those playing fields which schools and their local communities need are not sold in future.

My right hon. Friends the Secretary of State for Education and Employment and the Secretary of State for the National Heritage are discussing this as a matter of urgency. We are looking at a wide range of options to ensure that all school pupils will have access to proper sports facilities.

Funding

Mr. Fitzpatrick: To ask the Secretary of State for Education and Employment when he will announce the allocation of credit approvals to local education authorities and of capital grant to the governors of voluntary aided schools. [6357]

Mr. Byers: I shall announce the allocation of £33 million of credit approvals to local education authorities under the 1997–98 round of the Schools Renewal Challenge Fund and £3.9 million of grant to governors of voluntary aided schools under the Voluntary Aided Schools Minor Works Challenge on Tuesday 1 July. Details of these allocations will be placed in the Library.

Nursery Vouchers

Mr. Campbell-Savours: To ask the Secretary of State for Education and Employment if he will make a statement about the Government's response to the report of the Education and Employment Committee on the operation of the nursery voucher scheme, published on 12 March. [6386]

Mr. Byers: The Government's response to this report has been laid before Parliament today.

Higher Education Statistics

Mr. Sanders: To ask the Secretary of State for Education and Employment if he will make a statement on the OECD figures for higher education expenditure per student in each year since 1992 for *(a)* the United Kingdom, *(b)* each other EU country, *(c)* Pacific rim countries and *(d)* the USA. [5131]

Dr. Howells *[holding answer 25 June 1997]:* The OECD's *Education at a glance* figures are at present available only for 1992 and 1993: copies are available in the Library. Comparisons between the figures for these years are particularly difficult because of changes in the basis of some of the calculations. In the case of the UK, these changes account for some of the 20 per cent. decline in the UK's spending per student per year on tertiary education between these years. The 1993 figures show that the UK spends more per student on tertiary education than Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Japan and New Zealand; but less than Austria, Netherlands, Sweden, Australia and the USA.

Unemployment

Mr. Mitchell: To ask the Secretary of State for Education and Employment what is his assessment of the minimum rate of unemployment for adult men consistent with full employment at a high and sustainable rate of growth. [2282]

Mr. Andrew Smith *[pursuant to his reply, 16 June 1997, c.48]:* It may clarify the position further if I advise that the government has placed no such minimum figure on the rate of unemployment for adult males. Our aim is a high and stable level of employment, to be achieved by running a successful low inflation economy, with macro-economic stability as a platform for sustainable growth, and by enhancing skills and improving the operation of the labour market to open up job opportunities to all groups in society—men and women, young and old.

TRADE AND INDUSTRY

Utilities (Regulation)

Mr. Hanson: To ask the President of the Board of Trade if she will make a statement on regulation of the utilities. [6217]

Mrs. Beckett: I am announcing today an inter-departmental review of the regulation of the utility industries. My aim is for the review to report to Ministers by the end of the year.

The Government's objective for the review is to set a long-term stable framework for utility regulation which is seen as fair by all the interest groups involved, particularly by consumers. Without fairness, there can be no long-term stability. We want the regulatory framework to deliver value, quality and choice to consumers while providing incentives to managers to innovate and improve efficiency. The guiding principles must be transparency, consistency and predictability of regulation.

The terms of reference for the review are to consider whether changes are required to the system of regulation of the utility industries in order to ensure open and predictable regulation, fair to all consumers and to shareholders, and which promotes the Government's objectives for the environment and sustainable development, whilst providing sufficient incentives to managers to innovate, raise standards and improve efficiency.

The review will concentrate on the regulation of gas, electricity, telecommunications and water in the context of the development of competition in the regulated markets, and against the background of general competition law, where we will be legislating in the autumn. It will also consider whether there are lessons to

be learnt from this and other regulatory experience, to inform the development of regulatory principles of general applicability.

In short it is time to take stock to see how the existing framework can be updated, modernised and refreshed.

Arms length independence of regulators will be preserved, although after 13 years we need to ensure that the balance between Ministers and regulators is correct. Also, while the review will be examining the formula for determining prices, it will not consider rate of return regulation.

There has been extensive consideration of utility regulation issues. The review will take this into account, together with the conclusions and recommendations recently made to the Public Accounts Committee, the Trade and Industry Select Committee, and the UK Round Table on Sustainable Development. This work has already identified many of the key issues, and provides a helpful and well developed starting point for the review. Any further representations to the review may be made in writing by 5 September.

Ministers will consider advice emerging from the review in the autumn. If changes are contemplated, the Government will consult fully then.

Collective Redundancies

Sir Richard Body: To ask the President of the Board of Trade what proposals are currently under discussion in the European Union on approximation of member states' laws over collective redundancies. [6089]

Mr. Ian McCartney: A proposal to consolidate the two existing Directives relating to this matter is currently under discussion. It would make no substantive changes.

Standing Committee on Standardisation

Sir Richard Body: To ask the President of the Board of Trade what moves have been made towards the creation of a standing committee on standardisation, pursuant to COM(96)642; and if she will make a statement. [6094]

Mr. Battle: The proposal presented by the European Commission for a European Parliament and Council Directive laying down a procedure for the provision of information in the field of technical standards and regulations (codified version)—COM(96)642—consolidates the text of Directive 83/189/EEC, as amended by Directive 88/182/EEC and Directive 94/10/EC. The Standing Committee established under Directive 83/189/EEC meets on a regular basis. At least twice a year it also meets with representatives of the European and national standardisation bodies.

Genetic Material (Health Prognoses)

Mr. Gordon Prentice: To ask the President of the Board of Trade what assessment she has made of the implications for the insurance industry of developments which allow prognosis of an individual's future health based on analysis of genetic material. [5947]

Mr. Battle: The Human Genetics Advisory Commission (HGAC) has been established to take a broad overview of developments in human genetics. It has identified the implications of genetic testing for Insurance as an immediate priority. An Insurance sub-group is taking this forward, and I look forward to receiving the HGAC's advice in due course.

Mr. Dalyell: To ask the President of the Board of Trade what consideration she is giving to the recommendations of the Science and Technology Committee that a Genetics Commission with regulatory powers should be established in its Third report, 1994–95, Human Genetics: the science and its consequences, (HC41); and what discussions she has had on this subject with the Association of British Insurers. [4565]

Mr. Battle: Human genetics is a fast-moving field which requires a flexible approach, avoiding undue regulation. I look forward to receiving advice in due course from the Human Genetics Advisory Commission (HGAC), which has identified the implications of genetic testing for insurance as an immediate priority.

My right hon. Friend the President of the Board of Trade has not yet had discussions on this subject with the Association of British Insurers.

Minimum Wage

Mr. Bercow: To ask the President of the Board of Trade what estimate she has made of the impact of a national minimum wage set at *(a)* £3.50, *(b)* £4.00 and *(c)* £4.42 per hour on employment in the (i) retail sector, (ii) catering industry, (iii) hotel management industry and (iv) textile industry. [5595]

Mr. Ian McCartney: We will ask the independent Low Pay Commission, before it reaches a recommendation on the level at which the national minimum wage might be set, to take into account all economic circumstances, including its likely impact. I will not speculate about the possible effects of hypothetical levels before the Commission has had a chance to consider the issues. Professor George Bain will chair the Commission and we are currently looking to recruit other suitably qualified members, including individuals with experience of the range of industries and services likely to be affected by the introduction of the national minimum wage.

International Trade Fairs

Mr. Green: To ask the President of the Board of Trade what plans she has to promote United Kingdom participation in international trade fairs. [4737]

Mrs. Roche: I refer the hon. Member to the statement made by my right hon. Friend the President of the Board of Trade on 21 May 1997, Official Report, column 67.

Reviews

Mr. Page: To ask the President of the Board of Trade if she will list by name and subject the reviews initiated by her Department since 1 May. [4591]

Mrs. Roche: Since 1 May the Department of Trade and Industry has initiated the following reviews:

The Post Office Review

To examine the options for granting greater commercial freedom to the Post Office to enable it to meet new challenges and opportunities.

The Foresight Audit

To establish the level of Foresight activity currently underway and to formulate plans for improving coordination between departments.

Export Forum

To review the effectiveness of current official export promotion programmes and to make recommendations.

In addition, the Department is taking part in the Comprehensive Spending Review announced by the Chief Secretary of the Treasury in the House on 11 June and has established the Low Pay Commission to examine the options for the nature and level of a national minimum wage.

Petrol Prices

Mr. Jim Cunningham: To ask the President of the Board of Trade if she will investigate the reasons for significant variations in average petrol prices between different part of the country. [5628]

Mr. Battle: No such particular investigation is currently proposed. However, the Director General of Fair Trading is to review the retail petrol market in the UK. He will look at market structure, profitability and prices throughout the country. The review is scheduled to be completed in the Autumn.

Business Link Wirral

Mr. Ben Chapman: To ask the President of the Board of Trade what assessment she has made of the situation at Business Link Wirral following Cewtec's decision to request the Government Office for Merseyside to investigate the circumstances surrounding events in 1996. [5817]

Mrs. Roche *[holding answer 27 June 1997]:* Officials from the Government Office for Merseyside have already begun a detailed investigation as requested by CEWTEC. I have asked for that investigation to be conducted speedily and have written to the Chief Executive of CEWTEC to that effect. When the report is received I will be in a position to consider what action needs to be taken.

National Minimum Wage

Mr. Bercow: To ask the President of the Board of Trade what *(a)* published and *(b)* unpublished estimates her Department has made of the impact on employment of a national minimum wage set at *(a)* £3.50, *(b)* £4.00 and *(c)* £4.42 per hour. [5616]

Mr. Ian McCartney *[holding answer 27 June 1997]:* We will ask the independent Low Pay Commission, before it reaches a recommendation on the level at which the national minimum wage might be set, to take into account all economic circumstances, including its likely impact. I will not speculate about the possible effects of hypothetical levels before the Commission has had a chance to consider the issues. Professor George Bain will chair the Commission and we are currently looking to recruit other suitably qualified members, including individuals with experience of the range of industries and services likely to be affected by the introduction of the national minimum wage.

Working Time Directive

Mr. Rooney: To ask the President of the Board of Trade when she expects to introduce legislation implementing the working time directive. [4914]

Mr. Ian McCartney *[holding answer 23 June 1997]:* We shall implement the Directive without any further avoidable delay.

PRIME MINISTER

Residential Care Homes

Mr. Burns: To ask the Prime Minister what action he is taking to ensure that pensioners with savings below £16,000 are not obliged to pay residential care home costs; and what representations he has received on this subject in respect of Sefton Borough Council. [5986]

The Prime Minister: I am concerned about the implications of the Court of Judgment on the Judicial Review of Sefton Borough Council's decision not to provide residential care for people until their capital has reached £1,500. I understand that Help the Aged, which brought the judicial review, have been given leave to appeal, and they will need to consider the outcome of that. If legislation is required to reverse the effect of the judgment, I am pleased to see that my Honourable Friend the Member for Bradford, West (Mr. Singh) intends to introduce a Bill to rectify the position which I hope will receive all party support.

As far as I am aware, my office has received one representation concerning Sefton Borough Council, which is being dealt with in the normal way.

Thirty-Year Rule

Mr. Dalyell: To ask the Prime Minister what discussions he has had with former Prime Ministers in respect of Her Majesty's Government's proposals to relax the 30-year-rule. [5589]

The Prime Minister: None. My Right Honourable Friend the Chancellor of the Duchy of Lancaster will be publishing a White Paper shortly. Any changes to the existing rules would conform with normal conventions of consultation.

Child Pornography and Paedophile Activity

Ms Beverley Hughes: To ask the Prime Minister, pursuant to his oral statement of 24 June, *Official Report*, columns 671–73, concerning the main issues at the next G7 conference, if he will consider adding to the crime agenda the problems of child pornography and paedophile activity and their international dimension. [5977]

The Prime Minister: During my statement on 24 June, *Official Report*, column 684, I said that we would look at the evidence that paedophilia and pornography was being organised across national boundaries. We will certainly consider the problem in that context in the preparations for the Birmingham Summit. It is important that we use every opportunity to co-operate in tackling international crime.

Strategic Defence Review

Mr. Keith Simpson: To ask the Prime Minister if he will name the ministers, officials and advisers in his private office, political policy unit and the Cabinet Office who will be involved in the Strategic Defence Review. [5609]

The Prime Minister: Work on the Strategic Defence Review will involve the appropriate Ministers, officials and advisers from all relevant Government Departments.

Political Appointees

Mr. Garnier: To ask the Prime Minister which political appointees have been given civil service administrative or secretarial support at public expense; and at what cost. [2859]

The Prime Minister: I refer the hon. Member to the replies that I gave to the hon. Members for Chichester (Mr. Tyrie) and Worthing, West (Mr. Bottomley) 2 June, *Official Report*, columns *97–99*.

In accordance with the practice of previous administrations, all Special Advisers, with the exception of those appointed to my right hon. Friends, the Secretary of State for International Development and the Lord Privy Seal, have been provided with Civil Service administrative and/or secretarial support. The estimated staff cost is £570,000. This will be met from within existing budgets.

Office Accommodation

Mr. Garnier: To ask the Prime Minister what expenses he has authorised to decorate, refurbish or enhance office accommodation *(a)* in Whitehall and *(b)* in official homes within his gift. [2860]

The Prime Minister: Decoration and other such work undertaken on office accommodation in Whitehall is the responsibility of individual departments. Within No. 10, two offices have been redecorated at a cost of about £1,500, out of a minor works and general maintenance budget for 1997–98 of £25,000.

Some offices in the Cabinet Office have been refurbished—principally to accommodate the Constitution Secretariat—at a total cost in the region of £80,000, out of a minor works and general maintenance budget for 1997–98 of £397,000.

Redecoration or refurbishment of official homes within my gift is a matter for the individual board of trustees or departments.

Mr. Hawkins: To ask the Prime Minister if he will publish the assessments provided to him by the Minister without Portfolio of the performance of other Ministers. [5416]

The Prime Minister *[holding answer 25 June 1997]:* There are no such assessments.

Mr. Hawkins: To ask the Prime Minister what system of monitoring of the performance of the Minister without Portfolio he has put in place; and if he will publish the results. [5426]

The Prime Minister *[holding answer 25 June 1997]:* The Minister without Portfolio is subject to the normal conventions on accountability.

Conservative Leadership Elections

Mr. Jack: To ask the Prime Minister what response his chief press secretary made to questions received at briefings of the press in Amsterdam about the possible actions of Conservative hon. Members in response to the outcome of the Conservative leadership elections. [5199]

The Prime Minister *[holding answer 24 June 1997]:* He answered them.

LORD CHANCELLOR'S DEPARTMENT

Crown Court Trials

Mr. Hutton: To ask the Parliamentary Secretary, Lord Chancellor's Department how many Crown court trials were abandoned by *(a)* the CPS and *(b)* trial judges in each of the last five years; and if he will make a statement. [5701]

Mr. Hoon: The question relates to matters which are the ministerial responsibility of my right hon. and learned Friend the Attorney-General and also matters which have been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive of the Court Service to write to the hon. Member and the Attorney-General to write directly to the hon. Member, a copy of which will be placed in the libraries of the House.

Letter from Michael Huebner to Mr. John Hutton, dated 30 June 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your question about the number of Crown Court trials abandoned by the trial judge in each of the last five years.

The figures below show the number of defendants who, on some or all counts have been discharged by the judge or where acquittal has been directed.

	Discharged by judge[1]			*Directed acquittal*[2]		
Year	*Custody*	*Bail*	*Total*	*Custody*	*Bail*	*Total*
1992	671	5,970	6,641	497	3,129	3,626
1993	676	5,574	6,250	386	2,619	3,005
1994	871	6,615	7,486	402	2,659	3,061
1995	896	7,047	7,943	481	2,799	3,280
1996	789	5,698	6,487	424	2,505	2,929

[1] Judge orders an acquittal, no jury sworn in.

[2] Judge directs the jury to find the defendant not guilty on a count to which the defendant pleaded not guilty.

HEALTH

GP Fundholding

Mr. Willis: To ask the Secretary of State for Health what plans he has to reform the GP fundholding arrangements. [4286]

Mr. Milburn: We mean to work with all in the National Health Service, including fundholders, to develop new arrangements for primary care led commissioning which best meet our objectives of providing equal access to high quality care to all, on the basis of need, cutting out inefficiency and bureaucracy.

To create time for this, entrance to fundholding has been made biennial, deferring entry to the 8th fundholding wave until July 1999. We have also taken steps to reduce bureaucracy and tackle the financial advantages of fundholders, ensuring that the patients of non-fundholders are no longer disadvantaged.

For the future, we shall wish to draw on good practice from the range of existing models of General Practitioner activity in this field. We are also mounting a programme of pilot projects for GP commissioning groups, to complement existing models and explore new approaches to meeting our objectives.

Mr. Truswell: To ask the Secretary of State for Health how he plans to ensure *(a)* that GP fundholding budgets are spent, *(b)* that such expenditure is clearly focused on patient care and *(c)* that underspends are either properly planned and sanctioned or recouped. [5283]

Mr. Milburn: We have made it clear, in EL(97)33, that savings which arise from one-off windfalls or from random dips in demand should be returned to the Health Authority or held against future budget pressures. It is for fundholders and Health Authorities to work together to determine the underspend value which falls into these categories.

The application of fundholders' budgets is governed by regulations. These provide that budgets may be used in year only for patient care and the management of the practice; and that audited savings may be used for the same purposes or for a range of additional specified purposes, namely improvements or extensions to premises; material or equipment for healthcare, management or health education; clinical audit; research and development; and training.

Fundholders' proposals to use savings are set out in their annual practice plans, and those for the additional purposes are dependent on Health Authority agreement that they represent value for money and will benefit patients. Savings must be applied within 4 years or they revert to the Health Authority.

Dental Services

Mr. Vaz: To ask the Secretary of State for Health what steps he proposes to promote dental registration and regular dental check-ups. [4985]

Mr. Milburn: These are important issues which the Government is considering, among other aspects of the provision of National Health Service dentistry services.

Mr. Vaz: To ask the Secretary of State for Health, pursuant to his answer to the hon. Member for North-East Derbyshire (Mr. Barnes) of 10 June, *Official Report*, column *423*, if he will make a statement on the number of adult dental registrations which lapsed in 1996–97. [4984]

Mr. Milburn: 4.1 million registrations lapsed automatically in 1996–97. Adult registrations stood at 19.8 million at March 1996 and 19.3 million at March 1997.

Caesarian Section Births

Mr. Fearn: To ask the Secretary of State for Health what proportion of babies were born by Caesarian section in *(a)* England, *(b)* Scotland and *(c)* Wales in (i) 1994, (ii) 1995 and (iii) 1996. [5273]

Ms Jowell: The caesarian section figures for England for the last three years available are shown in the following table.

Year	*Caesarean sections as percentage of deliveries*
1992–93	14
1993–94	15
1994–95	15

Source: Hospital Episode Statistics.

Questions relating to Scotland and Wales are matters for my right hon. Friends the Secretaries of State for Scotland and for Wales, respectively.

Free Prescriptions

Mr. Waterson: To ask the Secretary of State for Health how many people aged over 60 years resident in Eastbourne are currently in receipt of free prescriptions under the NHS. [5480]

Mr. Milburn: The number of prescription items dispensed in 1996 for men and women aged 60 and over by community pharmacists and appliance contractors in East Sussex, Brighton and Hove Health Authority, which includes Eastbourne, was 4 million. This figure includes prescriptions written in other health authorities but dispensed by East Sussex, Brighton and Hove Health Authority contractors.

Mr. Waterson: To ask the Secretary of State for Health how many pensioners in the United Kingdom are currently in receipt of free prescriptions under the NHS. [5481]

Mr. Milburn: All people aged 60 and over are entitled to free National Health Service prescriptions.

The number of prescription items dispensed by community pharmacists and appliance contractors in England in 1996 for men and women aged 60 and over was 213 million.

Long-term Care

Mr. Laurence Robertson: To ask the Secretary of State for Health what plans he has to set up a Royal Commission to inquire into the provision of care of the elderly; and if he will make a statement. [5870]

Mr. Colvin: To ask the Secretary of State for Health when the Government will make a statement on his plans for legislation on long-term care, with particular reference to the establishment of a Royal Commission on the funding of long-term care. [5859]

Mr. Boateng: I refer the hon. Members to the reply I gave the hon. Member for Suffolk, West (Mr. Spring) on 20 May, at column *58*.

Financial Deficit (Northern Region)

Dr. Kumar: To ask the Secretary of State for Health what estimate he has made of the deficit for each *(a)* Northern region and *(b)* Teesside area NHS trust in (i) 1996–97 and (ii) the current financial year. [5963]

Mr. Milburn: Information on the deficits for all trusts for 1996–97 has been placed in the Library.

Information for 1997–98 will be made available shortly following the agreement of contracts and submission of revised financial plans.

Patient Visit Charges

Mr. Laurence Robertson: To ask the Secretary of State for health if he will make a statement regarding his Department's policy on charging patients for visits to the doctor and to hospital and for stays in hospital. [5626]

Mr. Milburn: The comprehensive spending review will review all aspects of Government spending. In the Department of Health, the review will be carried out in the context of the Government's election manifesto commitment which states: "if you are ill or injured there will be a national health service there to help; and access to it will be based on need and need alone—not on your ability to pay, or on who your GP happens to be or on where you live".

E. Coli

Mr. Rhodri Morgan: To ask the Secretary of State for Health if he will list the number of cases recorded of human infection with E. coli 0157 from *(a)* horse and *(b)* other animal sources excluding conventionally consumed meat, (i) in the United Kingdom and (ii) in other countries; what assessment his Department has made of the route by which infection is transferred; and what proposals he has to guard against future infection. [5840]

Ms Jowell: Information on the number of individual E. coli 0157 cases associated with animal contact is not available. The Public Health Laboratory Service (PHLS) has identified 3 general outbreaks of E. coli 0157 (general outbreaks involve residents of more than one household) since 1992 where contact with animals was suspected as the source of infection. The results of a case control study funded by the Department of Health and currently undertaken by the PHLS should provide more information on the number of sporadic cases associated with contact with animals.

The PHLS do not routinely collate information from other countries. Information on incidence in Northern Ireland and Scotland is the responsibility of my right hon. Friends the Secretaries of State for Northern Ireland and for Scotland respectively.

Following the Advisory Committee on the Microbiological Safety of Food's 1995 report on "Verocytotoxin-Producing Escherichia coli" the Department of Health commissioned a comprehensive research programme into this organism. The programme includes projects aimed at identifying the sources and vehicles of E. coli 0157 infection and evaluating the relative importance of risk factors for its acquisition. The results of this research should be available over the next 2-3 years.

Like other forms of food poisoning, the risk of E. coli 0157 infection from non-food sources can be greatly reduced by following simple rules of basic personal hygiene and all suitable opportunities are taken to remind the public of these. In particular advice on avoiding the risk of infection during farm visits has been issued by the Health and Safety Executive, the National Farmers' Union and the Department for Education and Employment has recently sent a check list to all Chief Education Officers.

Dementia

Mr. Burstow: To ask the Secretary of State for Health what plans he has to develop with the NHSE a national strategy on dementia care. [5879]

Mr. Boateng: The elderly mentally ill are one of the six medium-term priorities for the National Health Service in the NHS Priorities and Planning Guidance for 1997–98. Statutory authorities were issued guidance in March 1997 to help them carry out their responsibilities in the publication "A handbook on the Mental Health of Older People".

Drug Abuse Treatment

Ms Beverley Hughes: To ask the Secretary of State for Health what changes have been made in the past year to the formula for distribution of NHS money for drug abuse treatment, indicating the impact of such changes on the level of funding in areas of need, with special reference to Old Trafford. [5990]

Ms Jowell: The formula for distributing the Drug Misuse Special Allocation changed in April 1997. Prior to the current financial year the formula for central allocation was based on that used by the former regional health authorities. From this year, the formula is based on the health authority population aged 15–44, and a further element based on an indicator of need for drug misuse services. The new formula is being phased in over four years, with health authorities receiving their full target allocation from 2001.

The Special Allocation for drug misuse nationally has risen by over 9 per cent. in real terms in 1997–98, and the allocation to Salford and Trafford has increased by around 5 per cent. in real terms. No assessment of the impact of the changes on individual health authorities has been made.

Volatile Substance Abuse

Mr. Dobbin: To ask the Secretary of State for Health if he will list the most recent figures available on deaths associated with volatile substance abuse; and if he will make a statement. [5991]

Ms Jowell: Statistics collected by St. George's Hospital Medical School and published today show that there were 68 deaths in the United Kingdom in 1995 associated with Volatile Substance Abuse (VSA). This is an increase over the 58 deaths in 1994 which had been the lowest level of mortality since 1981. We take any death associated with VSA very seriously and are committed to taking action to prevent further tragedy occurring.

Copies of this report are available in the Library.

TREASURY

Departmental Files

Mr. Matthew Taylor: To ask the Chancellor of the Exchequer for what reason his Department's file class mark T225/1311, held at the Public Record Office is closed to the public; and if he will make a statement. [5680]

Mrs. Liddell: T225/1311 was re-reviewed, under the Open Government Initiative, and cleared for release to the Public Office in 1996. It is available for public viewing.

Premium Bonds

Mr. Todd: To ask the Chancellor of the Exchequer if he will lower the minimum value of Premium Bond purchases to facilitate regular purchases on behalf of children. [3739]

Mrs. Liddell: The Government regrets that it is not possible to lower the minimum values premium bond purchase. Small purchases of Premium Bonds are disproportionately expensive to administer. National Savings are not in a position to reduce the £100 minimum purchase when, like other Agencies and departments, they must achieve economies in running costs as part of the process of controlling public expenditure.

Since the return on Premium Bonds takes account of management costs, the relatively higher cost of small purchases would also mean that any reduction in the minimum purchase would reduce the return to holders in general.

National Savings do recognise the need to offer savings opportunities for smaller investments and savings on behalf of children. These include tax-free Children's Bonus Bonds, which can be bought by anyone over the age of 16 for anyone under 16 in units of £25, up to a maximum holding of £1,000 for each issue of the bonds.

Local Authority Capital Receipts

Mr. Streeter: To ask the Chancellor of the Exchequer what estimate he has made of the likely impact on the PSBR of the release by local authorities of *(a)* all and *(b)* half of housing capital receipts over (i) one year, (ii) three years or (iii) five years from 1 April. [3563]

Mr. Darling: No such estimates have been made. The release of capital receipts will be phased to meet the requirements of prudent management of the public finances, including having regard to the effect on the PSBR.

Mr. Green: To ask the Chancellor of the Exchequer what effect the phased release of local authorities' capital receipts will have on the public sector borrowing requirement. [3329]

Mr. Darling: The release of capital receipts will be phased to meet the requirements of prudent management of the public finances, including having regard to the effect on the PSBR.

Mr. Streeter: To ask the Chancellor of the Exchequer if he will estimate the increase in council tax necessary to reinstate local authorities to the position they would have been in without the release of housing capital receipts if housing capital receipts are released over *(a)* one year, *(b)* three years and *(c)* five years from 1 April 1997. [3553]

Mr. Darling: No such estimate has been made.

Earnings (Torbay)

Mr. Sanders: To ask the Chancellor of the Exchequer what estimate he has made of the number of people in Torbay earning less than *(a)* £2.50 per hour, *(b)* £3.00 per hour, *(c)* £3.50 per hour, *(d)* £4.00 per hour and *(e)* £4.50 per hour. [5586]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange a reply to be given.

Letter from Tim Holt to Mr. Adrian Sanders, dated 30 June 1997:

The Chancellor of the Exchequer has asked me to reply as the Director of the Office for National Statistics to your recent question on earnings in Torbay.

The latest information, from the New Earnings Survey (NES) April 1996, is given below for the parliamentary constituency of Torbay.

Employees on adult rates whose pay for the survey pay-period was not affected by absence, NES April 1996

	Percentage of employees with hourly earnings (excluding overtime) less than:				
Torbay	*£2.50*	*£3.00*	*£3.50*	*£4.00*	*£4.50*
Full-time	0.0	2.8	5.6	15.0	24.3
Part-time	4.3	14.9	38.3	51.1	61.7
All	1.3	6.5	15.6	26.0	35.7

Strategic Defence Review

Mr. Blunt: To ask the Chancellor of the Exchequer what involvement his Department has in the formulation of the policy baseline for the Strategic Defence Review. [5578]

Mr. Darling *[holding answer 26 June 1997]:* The preparation of a policy baseline for the Strategic Defence Review is being undertaken jointly by the Ministry of Defence and the Foreign and Commonwealth Office. Other Government Departments, including the Treasury, will be involved as appropriate depending on the issues that arise.

NATIONAL HERITAGE

Theatres (Funding)

Mr. Fearn: To ask the Secretary of State for National Heritage which theatres in England have received Arts Council grants in *(a)* 1996 and *(b)* 1997; and how much they received in each case. [5262]

Mr. Fisher: Grant in aid funding to building-based theatre companies is channelled through the Arts Council of England and the 10 Regional Arts Boards.

During 1996–97, 54 building-based producing theatre companies received grants totalling £16,845,664 from the Regional Arts Boards. In 1997–98 53 such companies received a total of £17,006,814. A further four building-based companies received funding directly from the Arts Council of England. This totalled £20,698,000 in both years.

A complete list of the grants received in 1996–97 and 1997–98 is as follows:

Grant aid to building based, producing theatre companies by Regional Arts Board

RAB/ACE expenditure on building based theatre companies

	1996–97 (actual) £	*1997–98 (budget)* £
Eastern Arts Board		
Cambridge Arts Theatre	50,000	50,000
Colchester Mercury Theatre	220,000	220,000
Ipswich Wolsey Theatre	322,750	322,750
Theatre Royal, Bury St. Edmunds	45,000	45,000
Westcliffe Palace Theatre	45,000	45,000
Watford Palace Theatre	204,500	204,500
East Midlands Arts Board		
Derby Playhouse	273,100	313,100
Leicester Haymarket	858,450	908,450
Northampton Rep.	184,310	184,310
Nottingham Theatre	714,300	714,300
London Arts Board		
Almeida Theatre	408,182	408,182
Bush Theatre	206,500	206,500
Gate Theatre	15,352	15,352
Greenwich Theatre	191,000	191,000
Hampstead Theatre	234,400	234,400
Kings Head Theatre	38,222	38,222
Lyric Theatre	307,300	307,300
Orange Tree	136,557	136,557
Polka Theatre	221,200	221,200
Soho Theatre	119,000	119,000
Theatre Royal Stratford	392,237	392,237
Tricycle Theatre	224,735	224,735
Unicorn Theatre	307,500	307,500
Warehouse Theatre Croydon	39,675	39,675
Young Vic	518,714	518,714
Northern Arts Board		
Northern Stage	639,250	664,250
North West Arts Board		
Bolton Octagon	255,600	255,600
Chester Gateway	148,500	148,500
Liverpool Everyman	210,000	170,000
Manchester Royal Exchange	1,333,250	1,333,250
Contact Theatre	425,100	425,100
Oldham Coliseum	224,400	224,400
Liverpool Repertory Theatre	430,000	430,000
Dukes Theatre	173,850	173,850

Grant aid to building based, producing theatre companies by Regional Arts Board

RAB/ACE expenditure on building based theatre companies

	1996–97 (actual) £	*1997–98 (budget)* £
Southern Arts		
Basingstoke Haymarket	90,000	90,000
Southampton Nuffield Theatre	328,000	343,000
Salisbury Playhouse	292,900	292,900
Newbury Watermill	20,000	20,000
South East Arts		
Yvonne Arnaud Theatre	125,000	40,000
Chichester Festival Theatre	8,050	75,000
Leatherhead Thorndike Theatre	180,100	—
South West Arts		
Bristol Old Vic	550,250	585,250
Gloucestershire Everyman Theatre	234,830	234,830
Exeter Northcott Theatre	233,000	233,000
Plymouth Theatre Royal	505,450	570,450
West Midlands Arts Board		
Coventry Belgrade Theatre	465,000	515,500
Birmingham Repertory Theatre	870,000	870,000
New Victoria Theatre	399,000	499,000
Worcester Swan Theatre	164,500	164,500
Yorkshire and Humberside Arts Board		
Harrogate Theatre	176,300	176,300
Sheffield Theatres	641,400	641,400
Stephen Joseph Theatre	211,200	230,000
York Theatre Royal	392,000	392,000
West Yorkshire Playhouse	840,750	840,750
Arts Council of England		
Royal National Theatre	11,167,000	11,167,000
Royal Shakespeare Company	8,470,000	8,470,000
The Royal Court (English Stage Co.)	911,000	911,000
Donmar Warehouse	150,000	150,000
Total	37,543,664	37,704,814

Compiled from RAB and ACE annual budget.

National Lottery

Mr. Nigel Jones: To ask the Secretary of State for National Heritage (1) who benefits from interest earned by the national lottery distribution fund; and if he will make a statement. [5021]

(2) how much money for good causes lying in the national lottery distribution fund is committed to projects which do not require the money in *(a)* the current financial year and *(b)* the financial years up to (i) 1998–99, (ii) 1999–2000 and (iii) 2000–2001; and if he will make a statement; [5022]

(3) what the current balance is in the national lottery distribution fund; and if he will make a statement; [5023]

(4) how much interest has been earned by the national lottery distribution fund; and if he will make a statement. [5020]

Mr. Banks: Proceeds from the National Lottery are held in the National Lottery Distribution Fund (NLDF) and invested by the National Debt Commissioners until required by the eleven distributing bodies. The balance in the NLDF at 31 May 1997 was £2,825,835,638. Investment returns received from the start of the National

Lottery to 31 May 1997 total £239,291,980. This interest is split between the distributors in line with the proportion of the NLDF attributable to each of them.

At 31 May, £3.47 billion had been raised by the Lottery for the good causes and this was matched by awards totalling £3.46 billion. The funds in the NLDF are therefore committed to projects that will be developed over the next few years. The majority of these projects will be completed before 2000–2001, but a few will require funding beyond that date.

My right hon. Friend the Secretary of State will be publishing a White Paper next month setting out the Government's proposals to deliver our commitments to widen access to the benefits of Lottery, introduce a more strategic and co-ordinated approach to distribution of proceeds and ensure that as much money as possible goes to the good causes.

Football

Mr. Chaytor: To ask the Secretary of State for National Heritage what support is available for smaller professional football clubs which secure promotion to higher divisions to improve and increase their seating capacity to cope with higher attendances. [5178]

Mr. Banks: Financial assistance is available to football clubs for ground improvement and redevelopment work through the Football Trust. I recently announced a £55 million cash injection to the Trust for clubs at all levels of the game. I am very grateful to the English Sports Council for their contribution to this work and to the Football Association and the FA Premier League for agreeing to match Lottery funds pound for pound.

Mr. Chaytor: To ask the Secretary of State for National Heritage what proposals he has to encourage smaller professional football clubs to develop closer links with their local communities. [5177]

Mr. Banks: I am aware that many clubs have already done a lot of good work in developing links with their communities, which I welcome. This is also an area that I have in mind for the proposed Football Task Force, to see what more might be done.

Lottery Grants (Torbay)

Mr. Sanders: To ask the Secretary of State for National Heritage how many Lottery grants have been awarded to organisations and groups in the Torbay constituency; and what are the values of those grants. [5585]

Mr. Banks: At 22 June, 7 grants totalling £310,215 had been made to organisations and groups in Torbay. The details are as follows:

Distributor	*Date*	*Recipient*	*Amount* £
Arts Council of England	13 May 1997	South Devon College	20,000
Arts Council of England	19 March 1997	The Newton Abott Folk Festival	987
Heritage Lottery Fund	21 May 1997	Torquay Natural History Society	26,400
National Lottery Charities Board	17 December 1996	Exeter and South Devon Deaf Children's Society	66,500
National Lottery Charities Board	11 August 1996	Acorn Youth Community and Sports Centre	48,596
National Lottery Charities Board	19 December 1995	Torbay Child Linkline for the Southwest	45,000
English Sports Council	6 June 1995	South Devon Sports Association for the Disabled	102,732
		Total	310,215

Mr. Burns: To ask the Secretary of State for National Heritage, if he will publish the total awards made by *(a)* the Heritage Fund and *(b)* the Millennium Commission, by administrative counties in England. [4272]

Mr. Banks *[pursuant to his reply, 20 June 1997, c. 322]:* The table of awards made by the Heritage Lottery Fund contained some inaccuracies. The correct information is contained in the following table, provided by the Heritage Lottery Fund, which sets out the value and number of awards by English county as at 27 June 1997.

Heritage Lottery Fund

HLF Figures to 26 June

County	*Total number*	*Total amount* £
Avon	12	2,438,475
Bedfordshire	4	117,300
Berkshire	2	3,865,525
Buckinghamshire	6	1,367,750
Cambridgeshire	25	26,647,329
Cheshire	11	2,065,058
Cleveland	8	6,131,230
Cornwall	18	3,678,535
Cumbria	19	4,102,987

Heritage Lottery Fund

HLF Figures to 26 June

County	*Total number*	*Total amount* £
Derbyshire	14	3,882,428
Devon	24	7,712,000
Dorset	20	6,559,050
Durham	11	1,208,955
East Sussex	12	2,050,380
Essex	13	7,337,845
Gloucestershire	17	5,775,060
Greater Manchester	24	54,435,410
Hampshire	24	14,327,296
Hereford and Worcester	17	8,907,642
Hertfordshire	8	16,595,075
Humberside	13	1,257,900
Isle of Wight	2	57,000
Kent	36	9,958,565
Lancashire	27	5,976,362
Leicestershire	10	458,750
Lincolnshire	9	495,739
Liverpool	14	13,803,500
London	109	186,298,303
Middlesex	7	2,177,736
Norfolk	19	5,630,511
North Yorkshire	28	5,132,422
Northamptonshire	6	1,037,550

Heritage Lottery Fund

HLF Figures to 26 June

County	*Total number*	*Total amount £*
Northumberland	13	699,400
Nottinghamshire	11	15,137,544
Oxfordshire	11	4,806,916
Shropshire	9	2,973,596
Somerset	18	2,623,250
South Yorkshire	11	8,183,710
Staffordshire	16	1,269,775
Suffolk	33	4,506,373
Surrey	18	6,578,519
Tyne and Wear	19	19,260,203
Warwickshire	2	7,506,000
West Midlands	21	9,904,501
West Sussex	12	848,320
West Yorkshire	42	20,857,026
Wiltshire	14	34,757,735
Wirral	2	468,600
Grand total	821	551,871,136

FOREIGN AND COMMONWEALTH AFFAIRS

Departmental Advisers

Mr. Blunt: To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his answer to the right hon. Member for Llanelli, (Mr. Davies) of 2 June, *Official Report*, column *85*, what other personal appointees are working in the Foreign and Commonwealth Office; what is their status; and if he will make a statement. [5575]

Mr. Robin Cook: I have appointed Dr. David Mathieson as my adviser with special responsibilities for media matters involving party political issues. This appointment is not remunerable from public funds.

Strategic Defence Review

Mr. Keith Simpson: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will name the Ministers, officials and political advisers in his Department who will be involved directly in the Strategic Defence Review. [5610]

Mr. Doug Henderson: My right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs is closely involved in the Government's Strategic Defence Review, as it is foreign policy led. He involves other Ministers, officials and special advisers as necessary.

Lockerbie

Mr. Dalyell: To ask the Secretary of State for Foreign and Commonwealth Affairs if it remains the Government's assessment that there is no evidence for the involvement of any nation other than Libya in the Lockerbie bombing. [4566]

Mr. Doug Henderson: The independent criminal investigation concluded that there was evidence to support charges against the two Libyans accused. The investigation has not established evidence of involvement of the nationals of any other country in the bombing.

Amsterdam European Council

Sir John Stanley: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list the subject areas under *(a)* the existing Treaty provisions and *(b)* the proposed new Treaty provisions in respect of which it was agreed at the Amsterdam European Council that co-decision procedure should be extended. [5625]

Mr. Doug Henderson: Copies of the relevant extracts from the provisional version of the draft Treaty of Amsterdam circulated by the Netherlands Presidency have been placed in the Libraries of the House. The Presidency is reviewing its contents in consultation with Member States to ensure that it accurately reflects what was agreed at Amsterdam.

WPC Yvonne Fletcher

Mr. Dalyell: To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to the Adjournment debate of 11 June, *Official Report*, columns 1253–60, if he will review his approach to the United Nations policy on sanctions against Libya, on the basis of the film which has been sent to him relating to the death of WPC Yvonne Fletcher. [5854]

Mr. Doug Henderson: The United Nations Security Council resolutions set out the requirements which Libya must meet before sanctions are lifted. These requirements do not relate to the murder of WPC Fletcher.

Gibraltar

Dr. Marek: To ask the Secretary of State for Foreign and Commonwealth Affairs what initiatives he plans to include Gibraltar airport in EC air liberalisation measures. [6121]

Mr. Doug Henderson: We are prepared to consider any practicable proposal for developing Gibraltar airport which is acceptable to all parties. This would open the way for EC air liberalisation measures to apply to Gibraltar.

Dr. Marek: To ask the Secretary of State for Foreign and Commonwealth Affairs what is his policy on the enfranchisement of Gibraltarians in elections to the European Parliament. [6122]

Mr. Henderson: I refer the hon. Member to the reply I gave on 5 June, *Official Report*, column *216*.

Dr. Marek: To ask the Secretary of State for Foreign and Commonwealth Affairs what arrangements have been made at the Amsterdam summit for Gibraltar to be able to enter the Schengen area if it decides it is in its interests to do so. [6120]

Mr. Henderson: It is for the United Kingdom as the Member State to decide whether or not to apply to join in any, or all, of the Schengen arrangements.

INTERNATIONAL DEVELOPMENT

Katse Dam, Lesotho

Mr. Dalyell: To ask the Secretary of State for International Development what contribution her Department is making to seismology research in respect of the Katse Dam in Lesotho. [4503]

Mr. Foulkes: DFID provides no direct support for seismological research in respect of this Dam. Seismic activity associated with the project is however being continuously monitored by the Government of Lesotho (Lesotho Highlands Water Authority) and a panel of experts.

Sierra Leone

Mr. Nigel Jones: To ask the Secretary of State for International Development if she will list the projects supported by Britain in Sierra Leone in each of the last five years; and if she will make a statement on aid to Sierra Leone. [5018]

Claire Short: I have placed in the Library of the House a list of projects supported under the bilateral aid programme to Sierra Leone between 1992–93 and 1996–97.

We have suspended all current aid activities in Sierra Leone following the coup and made clear that existing plans will not be continued under a military régime.

Ghana

Mr. Nigel Jones: To ask the Secretary of State for International Development if she will list the projects supported by Britain in Ghana in each of the last five years; and if she will make a statement on aid to Ghana. [5017]

Clare Short: I have placed in the Library of the House a list of the projects supported under the bilateral aid programme for Ghana between 1992–93 and 1996–97.

We are working in close partnership with the Ghanian Government and people to support their efforts to achieve sustainable growth and reduce poverty.

Tropical Deforestation

Mr. Dafis: To ask the Secretary of State for International Development what research her Department has evaluated into the links between land clearance for cattle farming and tropical deforestation. [5849]

Clare Short: My Department has evaluated substantial research carried out by US and Brazilian institutions, some of which has been commissioned by the Inter-American Development Bank and by the World Bank into links between land clearance from cattle farming and tropical deforestation. Staff in my Department use this information when they appraise project proposals.

WALES

Welsh Office Overseas Trade Services

Ann Clwyd: To ask the Secretary of State for Wales what assessment he has made of operation of the Welsh Office Overseas Trade Services section; and if he will make a statement. [5696]

Mr. Hain *[holding answer 27 June 1997]:* I have recently reviewed the services and work of the Overseas Trade Services in the Welsh Office. My officials are also ensuring that they keep in close touch with the review being carried out by the national export forum. The recently formed International Business Services in Wales Steering Group will keep under the review the services provided in Wales to firms wishing to enter the export market.

Health Bodies (Funding)

Mr. Denzil Davies: To ask the Secretary of State for Wales what was the total amount of the borrowings from his Department of (i) the Dyfed-Powys health authority and (ii) the Morriston Hospital Trust, at the latest available date. [5644]

Mr. Win Griffiths *[holding answer 27 June 1997]:* To date, Dyfed Powys Health Authority has received loans totalling £2.510 million from the Department.

Since Morriston NHS Trust was established on 1 April 1994 it has borrowed some £21 million. The balance of principal outstanding is £16.5 million.

Departmental Advisers

Mr. Mitchell: To ask the Secretary of State for Wales if he will list the special advisers in his Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in his Department in the year up to 1 May. [5345]

Mr. Ron Davies: I have appointed John Adams and Huw Roberts as my Special Advisers. The terms and conditions of each appointment are set out in the draft model contract, a copy of which has been placed in the Library of the House. Both advise me on a full range of subjects under my responsibility in accordance with Schedule 1 (Part 1) of the Model Contract.

During the year 1996–97 there was one Special Adviser.

Farmers

Mr. Ieuan Wyn Jones: To ask the Secretary of State for Wales if he will list for each of the unitary authorities and for Wales for *(a)* 1980, *(b)* 1990 and *(c)* the last two available years (i) the estimated number of farmers and (ii) the estimated number of organic farmers, indicating (ii) as a percentage of (i). [4858]

Mr. Win Griffiths: As at June 1997, there are 86 farms held on the United Kingdom Register of Organic Food Standards (0.3 per cent. of the total number of Welsh main holdings). No figures are available for earlier dates, or for unitary authorities.

Figures are available for Wales of the area of land registered as organically farmed. These are given as follows:

Year	*Organically farmed land (hectares)*[1]	*Total agricultural land area (hectares)*[2]	*Organically farmed land as percentage of total land*
1995	3,058	1,498,718	0.2
1996	3,287	1,509,061	0.2

[1] Figures supplied by the United Kingdom Register of Organic Food Standards, land in conversion and converted.
[2] Excludes Common rough grazing land.

Beef

Mr. Ieuan Wyn Jones: To ask the Secretary of State for Wales which health trusts in Wales purchase beef from Wales or elsewhere in the United Kingdom for consumption by hospital patients. [5987]

Mr. Win Griffiths: The information requested is not held centrally. Decisions on the purchase of food lie with each NHS Trust in Wales.

Mr. Jones: To ask the Secretary of State for Wales how many local education authorities allow beef to be included on school menus; and what is the policy of each local education authority in Wales on the purchase of British beef for school meals. [5988]

Mr. Hain: The information requested is not held centrally, but I am, of course, keen to see the highest nutritional standards in school meals. Local education authorities and schools will wish to take into account parents' views and to offer a choice of dishes whenever possible.

NORTHERN IRELAND

Drugs

Mr. Leigh: To ask the Secretary of State for Northern Ireland if she will list by type of drug the number of persons for each police authority in England and Wales *(a)* cautioned, *(b)* proceeded against in a Magistrate's Court and *(c)* tried at the Crown Court for possession of a proscribed drug in (i) 1994, (ii) 1995 and (iii) the last 12-month period for which figures are available. [4795]

Mr. Ingram: The information is not available in the format requested and would incur disproportionate cost to provide.

However, the number of persons who were cautioned for the possession of controlled drugs in 1994 and 1995 was 363 and 286 respectively. Figures will not be available for 1996 until the end of July 1997.

The following table sets out the number of persons proceeded against for possession of a controlled drug in a Magistrate's Court and in a Crown Court between 1994 and 1996.

Persons proceeded against for possession of a controlled drug in a Magistrate's Court or in a Crown Court 1994–96

	Persons proceeded against					
	1994		*1995*		*1996*	
Offence	*Magistrate's Court*	*Crown Court*	*Magistrate's Court*	*Crown Court*	*Magistrate's Court*	*Crown Court*
Possessing controlled drug (inc. attempts)	397	9	492	18	379	39
Possessing controlled drug with intent to supply (inc. attempts)	54	23	90	48	45	158
Total	451	32	582	66	424	197

Unemployment

Rev. Martin Smyth: To ask the Secretary of State for Northern Ireland (1) if she will make a statement on the costs of implementing her Department's proposals to deal with long-term unemployment assuming a scheme to cover 40,000 persons; [5141]

(2) if she will list the measures available for unemployed people to seek *(a)* training and *(b)* retraining. [5139]

Mr. Worthington: Responsibility for the subject in question has been delegated to the Training and Employment Agency under its Chief Executive, Mr. Ian Walters. I have asked him to arrange for a reply to be given.

Letter from Ian Walters to Rev. Martin Smyth, dated 27 June 1997:

PARLIAMENTARY QUESTION NO. 5141

The Secretary of State for Northern Ireland has asked me as Chief Executive of the Training and Employment Agency to reply to your question regarding the costs of implementing proposals to deal with long-term unemployment.

In the current financial year the Agency will be spending over £37 million to assist people unemployed for at least a year, back to work through the Action for Community Employment programme, the pilot Community Work Programme and Enterprise Ulster. These three measures provide over 6,700 places for the long-term unemployed.

In order to ensure the most effective and efficient use of existing resources the Agency is currently engaged in a review of its measures. The results of the initial stages of the review, which involved a public consultation process, are currently being assessed. Our work is continuing within the wider context of the Government's Welfare to Work proposals and the priority attached to them.

With regard to projected costs, we are of course currently committed to plan within the limits set by the 1996 Public Expenditure Survey.

I hope that you find this reply useful.

Letter from Ian Walters to Rev. Martin Smyth, dated 27 June 1997:

PARLIAMENTARY QUESTION NO. 5139

The Secretary of State for Northern Ireland has asked me, as Chief Executive of the Training and Employment Agency, to reply to your question about the measures available for unemployed people seeking training and retraining.

The Agency administers a broad range of programmes to assist the unemployed who are seeking training or retraining. These are:

Jobskills Programme

Jobskills is an integrated programme which provides high quality NVQ based training to unemployed persons aged between 16 and 59. There are approximately 15,000 places available during 1997/98.

Young people aged 16 and 17 are guaranteed a Jobskills training place. Places are available also for adults seeking training or retraining.

Training Centre Network

The Agency's network of Training Centres provides for young people and adults full-time training and re-training leading to NVQ level 2 in a chosen skill or trade. On completion of the training, which usually lasts for 12 months, trainees are normally placed with employers to continue their training towards the achievement of NVQ level 3 under the guidance of Training Centre staff. The Centre also provides tailored pre-employment training in connection with new inward investment projects, usually for a period of 6–10 weeks, to enable unemployed people to improve their prospects of getting a job.

Open Learning Centres

The Agency also supports the work of 12 Open Learning Access Centres which provide flexible job-related training for those for whom traditional forms of education and training are inappropriate. The main client groups for these Centres are the unemployed, women returning to the labour market and those with disabilities.

Enterprise Ulster

Enterprise Ulster is a statutory organisation which provides employment, training and work experience for adults, particularly 18–25 year olds, who have been unemployed for more than three months. Its programmes include training in projects of an environmental and amenity nature. Enterprise Ulster provides an average of 1,260 places each year.

Community Work Programme

The Community Work Programme offers long-term unemployed adults employment and training placements of up to three years duration in worthwhile and meaningful work of community benefit. It has been operated on a pilot basis since 1995 and provides 1,000 places which have been filled.

Action for Community Employment

The Action for Community Employment (ACE) programme provides temporary employment, with training, of up to one year's duration for long-term unemployed adults in projects of community benefit. The essential purpose of the scheme is to enable participants to complete more effectively for available jobs. ACE employees differ from participants on other Agency programmes in that they are treated as being in paid employment and receive a wage based on the local rate for the job. ACE is providing an average of 5,200 places during 1997/98.

Bridge to Employment Pilot

The Agency, with support from the EU Special Programme for Peace and Reconciliation, is piloting a Bridge to Employment programme under which long-term unemployed adults and those in danger of becoming long-term unemployed, can obtain the minimum skills necessary to enable them to compete for known job opportunities on equal terms with other applicants. Typical training would be for a period of up to 13 weeks to a specification agreed with participating employers.

Management Development

The Agency provides programmes aimed at developing management skills and competencies in recently qualified graduates. Almost 400 places are available in 1997/98.

New Horizons

New Horizons provides retraining for experienced managers who have been made redundant. The programme provides 36 places.

I hope you find this information helpful.

Special Advisers

Mr. Mitchell: To ask the Secretary of State for Northern Ireland if she will list the special advisers in her Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in her Department in the year up to 1 May. [5371]

Marjorie Mowlam: I have appointed Nigel Warner and Anna Healy as my special advisers. They are employed under terms and conditions based on the model contract for special advisers, a copy of which has been placed in the Library of the House. Mr. Warner and Ms Healy are advising me in accordance with Schedule 1 (Part 1) of the Model Contract. The previous Secretary of State for Northern Ireland employed one special adviser between 26 February and 20 December 1996.

Smoking

Mr. Flynn: To ask the Secretary of State for Northern Ireland how many and what percentage of adult *(a)* men and *(b)* women in Northern Ireland are cigarette smokers in each 10 year age band; and if he will make a statement. [4760]

Mr. Worthington *[holding answer 24 June 1997]:* Estimates of the number and percentage of adult men and women cigarette smokers in Northern Ireland in 1995 are shown in the table.

Cigarette smoking among adults, by age and gender, Northern Ireland 1995

Per cent./numbers

	Males		*Females*	
Age	*Percentage of smokers*	*Estimated number of cigarette smokers*	*Percentage of smokers*	*Estimated number of cigarette smokers*
16 to 24	29	33,903	31	33,636
25 to 34	34	42,384	35	44,745
35 to 44	32	33,277	33	34,706
45 to 54	32	28,680	29	26,738
55 to 64	28	19,298	23	17,399
65 to 74	23	12,429	17	11,745
75 and over	13	3,790	9	5,112
All persons	29	170,317	27	171,517

Notes:

1. The percentages have been calculated from the NISRA (Central Survey Unit) Continuous Household Survey 1994–95.

2. The number of smokers has been estimated using NISRA (Demography and Methodology Branch) mid-year population estimates, and the percentages of smokers.

3. Percentages have been rounded to the nearest whole figure.

Source:

Northern Ireland Statistics and Research Agency (NISRA).

Plastic Baton Rounds

Mr. Sedgemore: To ask the Secretary of State for Northern Ireland if Her Majesty's Inspector of Constabulary asked for information on the testing of *(a)* the weapons used to fire plastic baton rounds and *(b)* plastic baton rounds during his inspection in 1996. [6114]

Mr. Ingram: Her Majesty's Inspector was asked to examine the RUC's use of plastic baton rounds, not the baton rounds themselves and the weapons used to fire them. Nevertheless, during the course of his inspection he satisfied himself that all weapons are tested prior to being taken into use and in the event of a complaint being received as a result of an incident involving the use of a baton gun, the weapon is tested to assess the accuracy of its sighting system and to assess that it functions correctly.

Mr. Sedgemore: To ask the Secretary of State for Northern Ireland if Her Majesty's Inspector of Constabulary was informed of the results of tests carried out in 1995 on plastic baton rounds when he discussed the subject with officers at all levels during 1996. [6112]

Mr. Ingram: At the time Her Majesty's Inspector of Constabulary carried out his inspection it would have been impossible for the RUC to inform him of the results of tests carried out in 1995 on plastic baton rounds, since they were not aware of them.

HOUSE OF COMMONS

Crown Immunity

Ms Walley: To ask the Right hon. Member representing the House of Commons Commission if she will make a statement on Crown immunity in the Palace of Westminster. [4833]

Mrs. Ann Taylor *[holding answer 27 June 1997]:* Legislation affecting Crown immunity in the Palace of Westminster is a matter for HM Government.

However, it is the policy of the Commission, notwithstanding immunities and exemptions provided for in legislation, to apply relevant statutory provisions throughout the parliamentary estate. These include building and asbestos regulations, planning regulations, standards under the Fire Precautions Act 1971 (the Palace and outbuildings have now been issued with individual fire certificates) and requirements under the Health and Safety at Work Act 1974.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Housing Conditions

Ms Walley: To ask the Secretary of State for the Environment, Transport and the Regions (1) what proposals he has for consultation with interested bodies following publication of the report of the 1996 English House Condition Survey; [5144]

(2) what evaluation of the risks to the health and safety of occupants of living in unfit and otherwise inadequate dwellings will be included in the 1996 English House Condition Survey; [5145]

(3) what assessment of the costs to the NHS of people living in unfit houses will be included in the 1996 English House Condition Survey; [5146]

(4) what account the 1996 English House Condition Survey will take of the impact of proposals for amending the housing fitness standard. [5189]

Mr. Raynsford: The results of the 1996 EHCS will be widely disseminated. We shall consider arrangements for consultation with those bodies which have an interest in housing conditions when these results are published.

The first report of the 1996 EHCS, to be published later this year, will show the number of dwellings that were, at the time of the survey, unfit under the current housing fitness standard, and those that were in other respects inadequate. The report will also identify the occupants of poor housing, in terms of their age, income, and other characteristics. Some information on the health of occupants was recorded during the course of the survey and the analysis of this information will be included in future reports.

There are no plans to include an estimate of the cost to the NHS of people living in unfit dwellings in any report of the 1996 EHCS. Further research is required to identify specific costs to the health service which might be directly attributable to people living in unfit homes.

The 1996 EHCS will report housing conditions in terms of the fitness standard as it is now defined. However, 1996 EHCS data will be helpful in assessing the effect of any changes to the standard proposed in the current review.

Ms Walley: To ask the Secretary of State for the Environment, Transport and the Regions (1) what research has been undertaken to ascertain the costs to the NHS of people living in dwellings which are unsatisfactory on grounds of *(a)* dampness, *(b)* inadequate fire precautions, *(c)* poor indoor air quality, with particular reference to radon, *(d)* hazardous internal design features and *(e)* homes energy rating (SAP) of 30 or less; [5149]

(2) what research he has *(a)* commissioned and *(b)* evaluated on the effects on demand on the national health service from increased investment in improving housing conditions; and to what extent health and safety issues are taken into account when local authorities devise their housing strategies. [5150]

Mr. Raynsford: The reviews conducted by the Building Research Establishment of *Building regulation and health* and *Building regulation and safety*, published in 1995, and *Building regulation and fire safety*, to be published later this year, give an indication of the relative risks to health and safety of dampness, inadequate fire precautions, poor indoor air quality and radon, hazardous internal design features and cold homes.

The Department has also contributed recently to the fifth sweep of the National Child Development Study which includes housing and health data and we are currently considering options of the analysis of this material. We have also seen studies made by others in London, Sheffield and elsewhere.

A common feature of all this research is the lack of reliable evidence of changes in health which follow from changes in housing conditions. However, the Department

has recently published a research report *Housing and Health Research: measuring the health benefits of housing improvements* which explores the feasibility of researching the links between health and housing conditions and we are considering with the Department of Health ways in which these could be established.

In developing their housing strategies it is for local authorities to take account of the needs of all people in their areas and decide on priorities accordingly.

Ms Walley: To ask the Secretary of State for the Environment, Transport and the Regions (1) what assessment he has made of the current definition of fitness used in the review of the housing fitness standard; [5148]

(2) when he expects to publish the outcome of the review of the housing fitness standard which was announced by the previous Government; and what plans he has for subsequent consultation. [5147]

Mr. Raynsford: We are looking at the definition of fitness as part of the current review of the housing fitness standard. We plan to publish a consultation paper in the autumn setting out our proposals in the light of the review.

Special Advisers

Mr. Mitchell: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the special advisers in his Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in his Department in the year up to 1 May. [5349]

Mr. Prescott: There are three special advisers in my Department. They are employed under terms and conditions based on the model contract for special advisers, a copy of which has been placed in the Library of the House of Commons. Joe Irvin currently advises me on all areas which are my responsibility, David Taylor advises me chiefly on Regional and Regeneration issues, and Kate Davies advises Gavin Strang on Transport Issues.

There were four advisers in the Department of the Environment in the year to 1 May (Keith Adams, who started in June 1993, Tom Burke, who started in March 1991, Gavin Barewell, who started in May 1993 and Liam O'Connor, who started in March 1994) and one in the Department of Transport (Lucy Miller, who started in July 1995).

Planning Policy Guidance

Mr. Stunell: To ask the Secretary of State for the Environment, Transport and the Regions if he will review planning policy guidance to give greater preference to the regeneration of town centre and district centre shops and retail outlets, as against out-of-town and greenfield retail developments; and if he will make a statement. [5456]

Mr. Raynsford: PPG6 already gives strong preference to the regeneration of existing centres and sets tough tests for out-of-centre developments, including retail, office and leisure. My Department is closely monitoring the way in which this guidance is being followed. We have no plans to revise it at this moment.

Recycled Paper

Mr. Stunell: To ask the Secretary of State for the Environment, Transport and the Regions what has been the price per tonne of recycled newsprint in *(a)* January and *(b)* June for each year since 1987; and what steps he proposes to facilitate a stable market for recycled paper collected within the United Kingdom. [5454]

Angela Eagle: The Government does not collect these statistics. However, the Paper Federation of Great Britain has collected information on the average prices, paid by British mills, for old newspapers for recycling into newsprint and other paper grades since 1989. These are as follows:

£ per tonne

Year	*January*	*June*
1989	39.93	38.89
1990	34.41	29.44
1991	28.77	28.16
1992	28.25	26.38
1993	24.50	22.98
1994	20.93	21.44
1995	46.72	116.76
1996	55.05	47.40
1997	28.53	[1]—

[1] Not yet available.

Average prices for newsprint made from recycled fibres are not available, and are based on private contracts. The Government will consider whether any measures are required to improve the market for recycled paper.

Local Government Planning

Mr. Laurence Robertson: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his Department's policy towards the practice of some local authorities of seeking planning gain. [5607]

Mr. Raynsford: Current policy on planning gain is set out in DoE Circular 1/97. If or when my right hon. Friend proposes a new policy we shall issue a consultation paper for public comment.

Climate Change Convention, Kyoto

Mr. Dalyell: To ask the Secretary of State for the Environment, Transport and the Regions which Ministers will represent the United Kingdom at the Climate Change Convention in Kyoto in December; and what submissions the United Kingdom is making for the Conference Agenda. [4499]

Angela Eagle: My right hon. Friend, the Deputy Prime Minister, intends to go to the Kyoto Conference, but the full UK Ministerial representation will be decided nearer the time. The Conference will focus primarily on negotiation of an agreement on post-2000 commitments to mitigate climate change, in the form of a protocol to the Convention or other legal instrument. A copy of a draft protocol submitted by the European Union has been placed in the Library. We expect the UK and the EU to play a leading role in those negotiations.

Cadmium Disposal

Mr. Dalyell: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to deal with the disposal of cadmium after the 1998 ban on the disposal of sludge at sea. [4501]

Angela Eagle: Those responsible for disposing of sewage sludge containing cadmium will have to comply with the existing requirements applying to incineration, spreading on land or other lawful means of disposal.

Algal Blooms

Mr. Dalyell: To ask the Secretary of State for the Environment, Transport and the Regions what initiatives he is taking to deal with the problems associated with eutrophication, with particular reference to the spread of algal blooms. [4502]

Angela Eagle: Localised adverse effects from eutrophication in inland waters are being addressed by requiring the installation of phosphorus removal at 41 sewage treatment works discharging into 29 designated eutrophic Sensitive Areas in England and Wales, as part of the implementation of the EC Urban Waste Water Treatment Directive.

The Environment Agency is currently monitoring some 150 additional potentially sensitive inland waters for the first review in 1997 of Sensitive Area designations under the Directive. As a result of this review, additional water bodies may be designated resulting in new requirements for phosphorus removal at sewage treatment works.

This year we shall also review the position regarding eutrophication problems in coastal waters as part of the implementation of this Directive and the Nitrate Directive. The Environment Agency is currently monitoring 40 potentially eutrophic sites in coastal waters for this purpose.

Mahogany

Mr. Dalyell: To ask the Secretary of State for the Environment, Transport and the Regions, pursuant to the Under-Secretary of State's oral statement of 11 June, *Official Report*, column 1099, if he will make a statement on efforts to reach agreement to prevent the wanton destruction of mahogany. [4563]

Angela Eagle: At the recent CITES conference in Harare, the UK and other EU Member States voted in support of a proposal by the USA and Bolivia to list *Swietenia macrophylla* (Big Leaf Mahogany) on Appendix II of the Convention. The countries present voted in favour of the proposal by 67 to 45, but as at the 1994 conference, this was not sufficient to reach the two thirds majority required to add a new species to CITES. Instead, the conference agreed to set up a working group to protect mahogany from unsustainable logging.

Earlier this week, at the UN General Assembly Special Session, the Prime Minister argued for an early start to negotiations on a Forest Convention as a means of progressing effective international action towards achieving sustainable forestry management.

Housing Benefit (War Pensioners)

Mr. Sanders: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to amend the formulae for determining local authority standard spending assessments to reflect the costs of granting disregards to war pensioners eligible for housing benefit; and if he will make a statement. [5588]

Mr. Raynsford: We have no plans to do so.

Compulsory Competitive Tendering

Professor Webb: To ask the Secretary of State for the Environment, Transport and the Regions if he will review the decision not to extend the moratorium on CCT for recently formed English unitary authorities. [5880]

Mr. Raynsford: An urgent review of the current CCT framework is already underway in consultation with the Local Government Association. This is considering how the existing CCT legislation and guidance might be brought more into line with the principles of Best Value which we made available to this House on 2 June. Amongst the issues being considered are the timetables for recently formed English unitary authorities. We expect to consult on proposals in mid July with a view to laying new regulations and issuing new guidance in the autumn.

Housing (London)

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions if he will list for each London borough for each year since 1993 the average rent levels of *(a)* local authority tenants, *(b)* housing association tenants, *(c)* housing co-operatives, *(d)* private sector in receipt of housing benefit, *(e)* other private sector and *(f)* housing companies in which the local authority is involved. [4412]

Mr. Raynsford *[holding answer 23 June 1997]:* The available information on average rents in London boroughs for local authority tenants, housing association tenants (including tenants of housing co-operatives) and private sector tenants in receipt of housing benefit is set out below.

Information on overall average private sector rents and rents for tenants who are not on housing benefit is available only from sample surveys which are not large enough to produce reliable figures for individual local authorities. Data from the 1995–96 Survey of English Housing and Family Resources Survey show that, in overall terms, the average rent in London for households renting in the private sector who are not in receipt of housing benefit was little different from the average rent for households receiving housing benefit. Like all estimates for surveys, the average rent figures are subject to sampling variability.

No data are available on average rents for housing companies, as none has yet been registered with the Housing Corporation.

Local authority rents (£ per week)

	1993–94	*1994–95*	*1995–96*	*1996–97*
Barking and Dagenham	30.65	34.75	37.42	39.71
Barnet	48.65	50.09	51.44	52.11
Bexley	43.11	45.39	49.32	53.02
Brent	50.18	50.18	57.55	69.81
Bromley	40.47	40.47	41.28	42.72
Camden	48.35	51.32	57.56	58.71
City of London	45.59	51.56	54.14	55.34
Croydon	50.93	51.86	61.03	62.10
Ealing	62.84	59.19	59.15	59.17
Enfield	46.73	49.63	51.63	51.98
Greenwich	41.68	44.58	48.56	50.50
Hackney	43.91	46.42	52.15	54.79
Hammersmith and Fulham	46.45	48.19	52.38	53.77
Haringey	52.48	53.98	56.87	57.54
Harrow	56.81	62.97	64.12	64.68
Havering	36.91	36.91	41.84	44.59
Hillingdon	59.48	59.48	61.98	63.24
Hounslow	37.57	39.97	48.59	49.81
Islington	47.05	49.95	54.99	56.16
Kensington and Chelsea	57.10	60.28	63.23	68.72
Kingston upon Thames	60.27	60.27	60.48	61.15
Lambeth	40.70	42.11	48.67	50.04
Lewisham	41.34	42.58	44.46	46.73
Merton	49.20	49.94	51.89	52.56
Newham	36.98	39.88	43.05	43.72
Redbridge	61.30	63.75	65.41	65.89
Richmond upon Thames	48.24	48.24	51.38	52.92
Southwark	44.36	44.36	48.47	50.07
Sutton	41.98	43.02	47.21	50.97
Tower Hamlets	35.52	37.71	42.75	45.01
Waltham Forest	39.87	42.40	43.38	46.37
Wandsworth	55.64	55.64	58.97	59.68
Westminster	59.60	61.43	62.69	64.62
London	45.72	47.05	51.08	52.97

Source:
Housing Subsidy Claim Forms.
Note:
The average rent figures are not directly comparable between local authorities as they take no account of differences in the composition of stock, eg size and type of dwellings, their age and condition.

Housing association and Housing Cooperative rents at 31 March (£ per week)

	1993	*1994*	*1995*	*1996*
Barking and Dagenham	42.15	53.47	59.78	63.81
Barnet	39.62	42.34	49.33	55.07
Bexley	38.55	44.60	45.14	48.61
Brent	40.92	45.36	46.56	49.94
Bromley	39.31	47.50	50.45	53.63
Camden	45.35	46.38	48.20	51.55
City of London	41.18	n/a	41.15	45.58
Croydon	47.68	53.50	56.84	60.48
Ealing	39.45	43.86	47.12	52.49
Enfield	41.40	47.93	52.27	55.84
Greenwich	38.23	44.08	49.78	55.57
Hackney	36.46	40.87	42.18	47.08
Hammersmith and Fulham	37.14	38.76	42.41	46.12
Haringey	n/a	39.08	46.04	48.11
Harrow	38.77	43.73	50.32	50.30
Havering	38.71	42.67	47.05	49.04
Hillingdon	37.60	44.57	47.42	51.55
Hounslow	39.35	43.00	48.34	53.24
Islington	40.53	42.39	43.79	49.12
Kensington and Chelsea	36.24	37.49	40.91	44.11
Kingston upon Thames	35.55	46.23	47.95	51.88
Lambeth	35.26	37.39	42.25	45.47
Lewisham	34.27	38.71	41.90	49.00
Merton	41.94	47.80	49.13	54.15
Newham	38.49	43.45	48.52	51.58

Housing association and Housing Cooperative rents at 31 March (£ per week)

	1993	1994	1995	1996
Redbridge	34.62	45.56	51.05	55.50
Richmond upon Thames	44.56	47.56	50.66	58.92
Southwark	37.82	39.92	43.86	48.37
Sutton	36.42	39.65	43.68	49.71
Tower Hamlets	40.02	40.13	45.73	47.93
Waltham Forest	36.87	43.28	46.31	49.90
Wandsworth	45.51	44.69	48.46	52.43
Westminster	42.95	42.18	44.43	48.85
London	39.90	42.74	46.25	50.28

Source:

Housing Corporation HAR 10/1 returns collected from housing associations and Housing Cooperatives with more than 250 dwellings or, if developing new stock, 100 dwellings.

Note:

The average rent figures are not directly comparable between local authorities as they take no account of differences in the composition of stock, e.g., size and type of dwellings, their age and condition.

n/a = not available.

Private sector rents—housing benefit referrals to Rent Officers (£ per week)

	1993–94	1994–95	1995–96
Barking and Dagenham	80.77	85.23	91.39
Barnet	91.69	100.63	114.51
Bexley	79.92	85.62	82.40
Brent	69.40	70.75	75.64
Bromley	78.13	86.35	89.32
Camden	118.02	116.81	120.00
City of London	n/a	n/a	103.66
Croydon	76.75	85.29	90.14
Ealing	78.52	81.63	89.94
Enfield	81.62	88.85	93.24
Greenwich	71.54	77.33	83.12
Hackney	81.62	84.00	89.58
Hammersmith and Fulham	99.98	109.08	118.06
Haringey	82.77	90.19	95.57
Harrow	92.60	94.90	99.35
Havering	77.15	80.04	87.05
Hillingdon	94.56	94.71	98.28
Hounslow	77.63	79.85	90.97
Islington	99.04	97.44	102.60
Kensington and Chelsea	121.65	127.85	125.96
Kingston upon Thames	81.19	92.98	93.06
Lambeth	80.75	81.46	87.86
Lewisham	68.92	73.42	79.24
Merton	78.21	86.73	92.06
Newham	78.92	88.27	90.50
Redbridge	88.58	96.13	97.25
Richmond upon Thames	98.58	99.33	106.85
Southwark	79.40	78.60	81.45
Sutton	81.21	85.83	88.49
Tower Hamlets	86.29	97.71	103.89
Waltham Forest	75.94	82.67	95.22
Wandsworth	84.67	93.94	102.10
Westminster	123.08	121.65	119.47
London	87.67	91.00	95.76

Source:

Rent Officer Statistics.

Notes:

The averages are for appropriate rents from 2 January 1996 and determined rents prior to that date. The average rent figures are not directly comparable between local authorities as they take no account of differences in the composition of stock, e.g. size and type of dwellings, their age and condition.

n/a = not available.

Home Energy Efficiency Scheme

Mr. Leslie: To ask the Secretary of State for the Environment, Transport and the Regions what targets he intends to set for the revised Home Energy Efficiency Scheme. [6159]

Angela Eagle: Major changes to the scheme come into force on 1 July and I want to monitor their performance. Accordingly, I have set two targets for the current year: the payment of 400,000 grants, and, for each grant, the achievement of an average energy efficiency improvement of 5 points as measured by the mean Standard Assessment Procedure (SAP). The changes were made by the previous administration, and it is now not practicable to stop their coming into effect on 1 July. But I shall take an early opportunity to review the scheme in order to check that it is meeting the needs of customers.

Bus Route Tenders (London)

Dr. Marek: To ask the Secretary of State for the Environment, Transport and the Regions, pursuant to his answer to the hon. Member for Twickenham (Dr. Cable), of 19 June, *Official Report*, column *278*, whether the invitation to tender documents for London bus routes are regarded as commercially confidential. [6119]

Ms Glenda Jackson: This is a matter for London Transport Buses, which advises me that it does regard invitation to tender documents as commercially confidential.

Dr. Marek: To ask the Secretary of State for the Environment, Transport and the Regions, pursuant to his answer to the hon. Member for Twickenham of 19 June, *Official Report*, column *278*, whether standards of service in respect of London bus routes form part of the consideration in the tendering process. [6118]

Ms Jackson: I understand from London Transport Buses that it does.

Roads Programme Review

Mr. Keetch: To ask the Secretary of State for the Environment, Transport and the Regions when he plans to complete the Roads Programme Review. [5961]

Ms Glenda Jackson: We hope to announce the conclusions of the Review next Spring.

Cycling

Mr. Colvin: To ask the Secretary of State for the Environment, Transport and the Regions if he will meet local government representatives to discuss the contribution of local authorities towards the Government's target of a four-fold increase in cycling by 2012; and if he will make a statement. [5805]

Ms Glenda Jackson: The National Cycling Strategy is not the Government's, though we have given it our early endorsement. We intend to work with other to implement it. The Strategy has a common ownership, having been established by consensus involving a wide range of interested bodies.

I shall be meeting representatives of local government when I chair the national Cycling Forum on 16 July. We shall be discussing a range of the issues involved in taking

the National Cycling Strategy forward. That will inevitably focus on progress to implement the targets identified in the Strategy for increasing cycle use.

Channel Tunnel (Safety)

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the number of incidents involving Channel Tunnel trains colliding with obstacles on the track and the cause of each incident in (i) 1995–96 and (ii) 1996–97. [5678]

Ms Glenda Jackson: It is the responsibility of the Channel Tunnel Safety Authority to ensure the safe operation of the Channel Tunnel. To assist in its task the Authority receives reports on incidents and accidents from the operator—Eurotunnel.

During the periods 1995–96 and 1996–97 only one report was received involving an obstacle on the track. Details of this incident are given in paragraphs 70–72 of the Channel Tunnel Safety Authority Annual Report for 1995–96.

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the areas of concern expressed by the Channel Tunnel Safety Authority over the proposals from Eurotunnel regarding the immobilisation of coaches in single deck shuttles as referred to in paragraph 50 of the Channel Tunnel Safety Authority Annual Report 1995–96. [5675]

Ms Jackson: The principal concern of the Safety Authority was to ensure that coaches were immobilised during travel on single deck Tourist Shuttles. Eurotunnel's proposal for the use of chocks, in addition to the application of the coach parking brake, was accepted by the Safety Authority following tests carried out by Eurotunnel and witnessed by the Safety Authority on 1 June 1995 and a special meeting of the Safety Authority to consider this issue on 7 June 1995.

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the number and cause of incidents involving drivers of channel tunnel trains passing closed markers or signals at danger in (i) 1995–96 and (ii) 1996–97. [5677]

Ms Jackson: During the period 1995–96 there were seven incident reports concerning drivers passing closed markers. Details of these and the way in which the Safety Authority dealt with these are given in paragraphs 67–69 of the Safety Authority Annual Report for 1995–96.

Nine further incidents were reported during 1996–97 and will be included in the Safety Authority Annual Report for that period.

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the number of incidents which occurred in *(a)* 1995–96 and *(b)* 1996–97 where coaches carried through the channel tunnel have rolled into the fire barrier at the front of a wagon as referred to in paragraph 56 of the channel tunnel safety authority report 1995–96. [5676]

Ms Jackson: The Safety Authority's Annual Report for 1995–96 gives details in paragraph 56 of two incidents which occurred during the two month period immediately following the decision to accept Eurotunnel's proposal to cease chocking coaches on single deck tourist shuttles. In one of these incidents the coach rolled into the fire barrier.

No other incidents have been reported since Eurotunnel resumed the chocking of coaches.

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the dates of emergency exercises undertaken in the channel tunnel during 1996–97. [5687]

Ms Jackson: There were three emergency exercises in the Channel Tunnel during this period.

TABLEX III was a table-top exercise held on 9 May 1996 in Folkestone. The exercise scenario was of a fire in a heavy goods vehicle on board an HGV shuttle travelling from the UK to France.

BINAT 8 was a full binational emergency exercise which took place during the night of 9 and 10 November 1996. The scenario was of an accidental explosion in a single deck tourist shuttle, followed by a fire.

There was also a Eurostar evacuation exercise staged to support Eurotunnel's submission to restart Eurostar and Tourist shuttle services following the fire in the tunnel on 18 November 1996.

A report on each of these exercises will be included in the Channel Tunnel Safety Authority Annual Report for 1996–97.

Train Services (Safety)

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will ensure that research undertaken by individual train operating companies will be disseminated to all other train operating companies if it contains important safety implications. [5602]

Ms Glenda Jackson: The results of research commissioned by an individual train operating company would normally be the company's intellectual property and is therefore disclosed at the company's discretion. I understand, however, that if the results of any research are known to have wider safety implications for the railway industry, the Health and Safety Executive's Railway Inspectorate would expect the information to be communicated to these companies by those who commissioned the work.

The Health and Safety Commission's Railway Industry Advisory Committee (RIAC) is developing proposals to ensure that key health and safety information continues to reach all those who need it.

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the number of incidents in (i) 1995–96 and (ii) 1996–97 when contractors have been directed to work on the wrong track, similar to that referred to in paragraph 75 of the Channel Tunnel Safety Authority report 1995–96. [5670]

Ms Jackson: There have been no other reported incidents similar to that reported in paragraph 75 of the Safety Authority Annual Report for 1995–96.

School Buses

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions what action the Traffic Commissioners propose to take in respect of the discovery of substandard school buses by Suffolk Education Authority and Suffolk Constabulary. [5448]

Ms Glenda Jackson: All operators of school buses are subject to the licensing requirements and disciplinary procedures exercised by the Traffic Commissioner. I understand that, following recent checks carried out by the Vehicle Inspectorate Agency accompanied by the Suffolk Police, the Traffic Commissioner for the area will shortly be receiving recommendations from the Eastern Traffic Area Licensing Review Board. It will then be for him to decide what further action is appropriate.

Ozone Layer (Concorde)

Mr. Dalyell: To ask the Secretary of State for the Environment, Transport and the Regions what study he is making of the impact of Concorde on the ozone layer relative to that of aerosols and sulphur particles; and if he will make a statement. [4505]

Ms Glenda Jackson: The importance of aerosols and particles emitted from aircraft has only recently been recognised and there is still uncertainty about the effects. Some data on emissions of oxides of nitrogen (NOx) from Concorde are in the ANCAT/EC Global Inventory of NOx Emissions from Aircraft, in which the UK has taken a leading role. The date are being used extensively by stratospheric ozone researchers and climate modellers internationally.

Heathrow Airport (Terminal 5)

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if it is his Department's policy that the construction of Heathrow Terminal 5 is conditional on the widening of the M25. [5648]

Ms Glenda Jackson: The Government remains strictly neutral in respect of the planning application by BAA plc for a fifth terminal at Heathrow. Arrangements for surface access to the M25 are being considered by the current public inquiry.

SCOTLAND

East of Scotland Water

Mr. Gorrie: To ask the Secretary of State for Scotland in what parts of their area of operations East of Scotland Water propose an embargo on all future developments because no additional effluent can be accommodated in the existing sewerage systems. [4612]

Mr. Chisholm: East of Scotland Water has no plans to introduce any such embargoes nor has any power to do so. When the Authority was established last year, however, it inherited insufficient capacity in the public sewerage system in a number of areas which prevents new connections. The areas principally affected are West Edinburgh and South East Edinburgh, and part of West Lothian and Midlothian. The Authority has made substantial progress in procuring additional infrastructure which should result in the lifting of restrictions in these areas from the year 2000.

There are a number of other parts of the Water Authority's area, mainly small towns and rural areas, where restrictions on new connections to the public sewer may also apply. In all of these areas, the Authority plans to take appropriate action as soon as possible to resolve any problems.

Interception of Communications

Mr. Donohoe: To ask the Secretary of State for Scotland what notification his Department receives in respect of the interception of telephone lines by Scottish police forces other than those carried out by the security services under the terms of the Interception of Communications Act 1985; and on how many occasions in the last twelve months Scottish police forces have intercepted telephone lines of suspected criminals. [5129]

Mr. McLeish: Telephone communications may be intercepted only under the personal authority of a Secretary of State. Where an address in Scotland is concerned, it would normally by me right hon. Friend the Secretary of State for Scotland whose authority is sought. Information about the number of occasions telephone interception took place is not available in the form requested. But, in 1996, 228 new telephone warrants were issued.

Plastic Baton Rounds

Mr. Sedgemore: To ask the Secretary of State for Scotland in what circumstances plastic baton rounds are used by police in Scotland. [6117]

Mr. McLeish: Plastic baton rounds have not been used by the police in Scotland.

AGRICULTURE, FISHERIES AND FOOD

Animal Breeding (Ethics)

Mr. Dalyell: To ask the Minister of Agriculture, Fisheries and Food what he is doing to respond to the recommendations of the committee chaired by Michael Banner, Professor of Moral and Social Theology at King's College, London, on the ethical implications of new technologies in animal breeding. [4500]

Mr. Rooker: Much progress has already been made on the various recommendations in this report, but we will be considering what more is needed.

MAFF already holds annual meetings on the need to conserve farm animal breeds, maintains a register of breeds and supports research on animal biodiversity. In addition, following discussions with the Royal College of Veterinary Surgeons, a working party was set up last year to look into the role of non-veterinarians in relation to the artificial insemination (AI) of cattle and horses. The results of this exercise, which may affect the way the recommendations of the Banner Committee are taken forward in relation to AI, are currently awaited.

The Farm Animal Welfare Council (FAWC) has been operating the general principles set out in the report for some time now and has established arrangements for liaison with the Animal Procedures Committee. Additionally, an ethicist has been appointed to the Council.

Finally, the Government is presently seeking an acceptable outcome from negotiations on the EC patents Directive taking account of the Banner recommendations.

Food Poisoning

Mr. Dalyell: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the work of the Institute of Food Research in Reading in relation to E. coli 157 and bifidobacteria; and if he will make a statement. [4504]

Mr. Rooker: The project in question began just over a year ago. The work is not yet sufficiently advanced to make an assessment of the potential benefits of the results.

Fish Stocks

Mr. Dalyell: To ask the Minister of Agriculture, Fisheries and Food what action he plans to take to implement the recommendations of the House of Lords Science and Technology Committee, Fourth report, 1996–97, sustainable management of North Sea fisheries, (HL 63) into fisheries research relevant to the setting of quotas, and the provision of data on fish stocks. [4564]

Mr. Morley: The Government will be responding to the report in the near future, and I shall send my hon. Friend a copy of the response.

Farmers

Mr. Ieuan Wyn Jones: To ask the Minister of Agriculture, Fisheries and Food if he will list for *(a)* 1980, *(b)* 1990 and *(c)* the latest two available years (i) the estimated numbers of farmers and (ii) the estimated numbers of organic farmers, indicating (ii) as a percentage of (i). [4859]

Mr. Morley: Figures are available on the numbers of registered organic holdings rather than on the numbers of organic farmers as such. No figures are, however, available for 1980 and 1990.

Registered organic holdings and total main holdings in the United Kingdom in the latest two available years are given below. It should be noted that because the organic and general figures are collected on different bases they are not strictly comparable.

Year	*(A) Registered organic holdings*	*(B) Total main holdings*	*(C) (A) as percentage of (B)*
1995 (June)	784	234,921	0.33
1996 (June)	867	234,268	0.37

DEFENCE

Organophosphates

Mr. Rapson: To ask the Secretary of State for Defence if he will make a statement on the disposal of army surplus tents and other equipment sprayed with organophosphates during the Gulf war, indicating whether any equipment was passed on the Scouts movement. [5665]

Dr. Reid: As my noble Friend the Minister of State for Defence Procurement has said in another place, what is now known about the use of organophosphate (OP) pesticides during the Gulf War was described in the organophosphate pesticides investigation team report which was published last December. Some of the tents used by British troops were sprayed whilst in theatre with organophosphate-based residual insecticide, which was applied to the outside surfaces. The investigation found no evidence that any clothing, bedding or personal kit was treated with organophosphate-based products, although there exists the possibility that some clothing was contaminated whilst being worn by those using such products for other purposes.

Many of the tents used by British troops during the Gulf war were subsequently burned or buried in theatre because it was generally thought not to be cost-effective to ship such material back to the UK or Germany. It is not now possible to identify those tents which were brought back from the Gulf; some of them are likely to have been retained by units or at depots, while some others will probably have since been sold as surplus stock.

The amount of OP pesticide remaining on a treated surface reduces over time, which is why regular re-application is normally necessary to maintain its effectiveness. Beyond this initial period of effectiveness, those traces of OP pesticide that remain break down naturally through exposure to air and water and normally disappear completely over a period of years. The break down process may be delayed if the compounds are used on material that has been treated with a wax finish, as was the case for tents which were used in the Gulf. However, any traces of OP pesticide that remain on a surface after the initial period of effectiveness would be in small and ever decreasing quantities, which would be unlikely to cause a risk to human health.

Nevertheless, the specific tents which were reported as being a source of illness have been identified by the Scout Association and, at their request, my Department has made arrangements for appropriate tests to be carried out by the Laboratory of the Government Chemist. The results of these tests will be made public as soon as possible.

Beef

Mr. Ieuan Wyn Jones: To ask the Secretary of State for Defence if the *(a)* Army, *(b)* Royal Air Force and *(c)* Royal Navy purchase British beef for consumption by service personnel stationed in the United Kingdom; and what are the countries of origin of beef purchased by each of the services from overseas. [5989]

Mr. Spellar: This is a matter for the Chief Executive of the Naval Bases and Supply Agency. I have asked the Chief Executive to write to the hon. Member.

Letter from J. A. Trewby to Mr. Ieuan Wyn Jones, dated 30 June 1997:

The Secretary of State for Defence has asked me to reply to your Question about the supply of beef to the Armed Forces stationed in the United Kingdom.

The task of procuring food for the Army, Royal Air Force and Royal Navy is contracted to the Navy, Army and Air Force Institutes (NAAFI). We do not specify the source of origin from which NAAFI should obtain beef (or any other meat), but expect them to seek the best market price for the product. British meat products are considered equally with all others available on the open market. A range of products including sirloin, forerib, minced and diced beef are normally sourced in the UK. However the Armed Forces' requirement is mainly for frozen products and the majority of beef joints are sourced, on cost grounds, from Brazil, Uruguay, Argentina, New Zealand and Australia.

Lockerbie

Mr. Dalyell: To ask the Secretary of State for Defence what factors underlay the exclusion of representatives of the UK Lockerbie Families group from the explosives test at Bruntinghthorpe aerodrome on 17 May. [4498]

Mr. Spellar: This is a matter for the Chief Executive of the Defence Evaluation and Research Agency. I have asked the Chief Executive to write to the hon. Member.

Letter from John Chisholm to Mr. Tam Dalyell, dated 30 June 1997:

I have been asked to reply to your question about the exclusion of representatives of the UK Lockerbie Families group from the recent explosive tests at Bruntingthorpe since, as Chief Executive of the Defence Evaluation and Research Agency (DERA) which undertook the tests, this matter is my responsibility.

The research being carried out by DERA is on behalf of the Civil Aviation Authority (CAA) and the United States Federal Aviation Administration (FAA) and is aimed at exploring what physical effects would result from an explosion in an aircraft at altitude and subsequently what measures might be introduced to contain those effects and limit the structural damage to the aircraft. It was those measures that were being tested in the trial.

Although the media were allowed to cover the event, both DERA and its customers were concerned to ensure that the trial was reported factually as part of a disciplined and ongoing programme of scientific work. To that end DERA agreed to requests from its customers to make it a condition of entry to the site by media crews that they should not be accompanied by other parties who might seek to broaden the coverage into areas not directly concerned with the trial itself. This condition was enforced rigidly and therefore included representatives of the UK Lockerbie Families group. In fact, before the event, several television companies requested that Dr Jim Swire of the 'UK Families–Flight 103' group be allowed to accompany them to watch the trial and were informed that this would not be possible.

The position taken over the trial does not indicate any lack of compassion for the victims and families involved in the Lockerbie disaster. Indeed it is precisely the scale of that tragedy that has prompted the research programme which culminated in the trial at Bruntingthorpe and which, we hope, will eventually bring real benefit to aircraft safety.

Combined Cadet Forces

Mr. Don Foster: To ask the Secretary of State for Defence if he will list the amount of money received by each *(a)* state and *(b)* independent school in support of combined cadet force activities in each year from 1994–95 to 1997–98. [6074]

Dr. Reid: The Ministry of Defence support to the combined cadet force is principally through access to service facilities and instructors. However, some money is made available to schools with CCFs to defray expenses incurred during cadet activities, and for administration.

This takes the form of an Annual Establishment Grant, calculated on the following basis. The rates given are for 1997–98

A flat rate of £252 per contingent.

A grant of £17.57 for each of the first 40 cadets in each Service section.

A grant of £12.32 for each subsequent cadet in each Service section.

An additional grant of £4.90 for each cadet in an Army section.

The allocation is based on the number of cadets on the strength of the contingent at 1 April each year.

I am placing a detailed list of the amount of money received by each school in support of combined cadet force activities in each year from 1994–95 to 1997–98 in the Library of the House.

Plastic Baton Guns

Mr. Sedgemore: To ask the Secretary of State for Defence if he will place in the Library a copy of the guidelines for the use of plastic bullets. [6110]

Dr. Reid: I will write to my hon. Friend and a copy of my letter will be placed in the Library of the House.

Mr. Sedgemore: To ask the Secretary of State for Defence who authorises the use of plastic baton rounds by the Army in Northern Ireland. [6111]

Dr. Reid: Normally the use of plastic baton rounds must be authorised by a commander not below the rank of sergeant.

Mr. Sedgemore: To ask the Secretary of State for Defence on what date the Heckler and Koch baton gun (Model L104A1) was introduced for use in Northern Ireland. [6108]

Dr. Reid: The Heckler and Koch baton gun (Model L104A1) was introduced for use in Northern Ireland on 1 June 1994.

Mr. Sedgemore: To ask the Secretary of State for Defence (1) who is responsible for testing the accuracy of the plastic baton rounds used by the RUC and the Army in Northern Ireland. [6109]

(2) who is responsible for testing the accuracy of plastic baton rounds fired by the RUC and the Army in Northern Ireland. [6105]

Mr. Spellar: The baton gun manufacturer was responsible for testing the accuracy of all guns as a part of the manufacturer's acceptance test. The user of the gun is responsible for maintaining its accuracy during training.

The baton round manufacturer is responsible for testing all batches of baton rounds at the time of manufacture, including accuracy firings, to enable the Ministry of Defence to accept them against the proof specification.

Mr. Sedgemore: To ask the Secretary of State for Defence in what circumstances routine Army foot patrols in Northern Ireland carry plastic baton guns. [6113]

Dr. Reid: All routine Army foot patrols in Northern Ireland carry plastic baton guns.

Expenditure

Mr. Blunt: To ask the Secretary of State for Defence if he will make a statement on the relationship between the strategic defence review and the fundamental expenditure review. [5259]

Dr. Reid: There will be one coherent review of defence. The strategic defence review will be the Ministry of Defence's contribution to the comprehensive spending review. It is envisaged that work on the strategic defence review will be completed around the turn of the year.

Atomic Weapons Establishment

Ms Julie Morgan: To ask the Secretary of State for Defence if he will list the present (i) land owning and (ii) leasing arrangements between his Department, AWE and Hunting and Brae in respect of the former AWE site at Llanishen, Cardiff; what proposals he has to *(a)* decontaminate and *(b)* redevelop the site; and what consultation he will undertake with the local authority, other agencies and local residents on these proposals. [5499]

Mr. Spellar *[holding answer 26 June 1997]:* The land which forms the AWE sites is owned by the MOD. There are no land owning or leasing arrangements between MOD, AWE plc. and the present operating contractor Hunting-BRAE. The operating contractor's use of the sites is licensed under the term contract between MOD and the company.

The Cardiff site closed on 28 February 1997, and the process to decommission the facilities has started. There will also be a complementary site decontamination process. All work will be undertaken in a careful and progressive manner, in conformity with all relevant guidelines and legislation and the requirements of the regulatory bodies. The MOD has consulted the local authorities as necessary. The local liaison committee was also kept fully informed of the MOD's plans to close the site. The whole process will take a number of years, following which we intend to dispose of the site.

Equipment Exhibition, Farnborough

Ann Clwyd: To ask the Secretary of State for Defence if he will invite hon. Members to attend the forthcoming Royal Navy and British Army Equipment Exhibition at Farnborough. [5694]

Mr. Spellar *[holding answer 27 June 1997]:* Invitations to RNBAEE are extended to members of the Defence Select Committee, the Trade and Industry Select Committee, and the All Party Defence Study Group. Exhibitors are also free to invite individual hon. Members. While a blanket invitation is not normally extended to all hon. Members, the Government would be willing to host any Members who express a firm interest in attending.

SOCIAL SECURITY

Child Support Agency

8. **Mr. Desmond Turner:** To ask the Secretary of State for Social Security if she will make a statement on her plans in respect of the functions of the Child Support Agency. [4341]

Mr. Keith Bradley: As I indicated when we debated Child Support on Friday 20 June, we intend to look closely at all aspects of the Child Support Agency to ensure that it provides an efficient and effective service. Children are entitled to the support of both parents wherever they live. My key objectives for the Child Support Agency during the coming year are to sort out cases faster, tackle the backlog of cases, and chase up fathers who avoid paying.

20. **Mr. Baldry:** To ask the Secretary of State for Social Security what percentage of Child Support Agency orders for payment are in arrears. [4355]

Mr. Bradley: The latest figures show that over two thirds of absent parents with a full maintenance assessment and paying through the Child Support Agency are in arrears. This is not an acceptable situation and we are determined to ensure that the Agency improves its performance in pursuing absent parents for the maintenance that they owe.

32. **Mr. Connarty:** To ask the Secretary of State for Social Security if she will make a statement on the workings of the Child Support Agency. [4368]

Mr. Bradley: We intend to review all aspects of the Child Support Agency to ensure that it provides an efficient and effective service. Our key objectives for the Child Support Agency over the coming year are to sort out cases faster, tackle the backlog of cases, and chase up fathers who avoid paying.

37. **Ms Squire:** To ask the Secretary of State for Social Security what measures she intends to take concerning the operation of CSA appeals procedures. [4373]

Mr. Bradley: We believe that there are a number of changes which can be made to streamline the child support appeals process to provide a better, simpler, more efficient service to clients. We intend to bring forward legislation to improve current appeals arrangements. Further details will be announced in due course.

Pensions

19. **Mr. Flynn:** To ask the Secretary of State for Social Security if she will introduce measures to ensure that the basic pension is increased in line with increasing national prosperity. [4354]

Mr. Denham: There are many ways in which pensioners can share in rising national prosperity—through contributory pension entitlements, through other benefits, or through the income derived from savings.

Our review of pensions will consider the central areas of insecurity for elderly people including all aspects of the basic pension and its value. We will retain the basic pension as the foundation of security in retirement and we will increase it at least in line with prices.

Mr. Waterson: To ask the Secretary of State for Social Security what plans she has to introduce a flexible decade of retirement. [4356]

Mr. Denham: The pensions review, details of which my right hon. Friend, the Secretary of State, will announce in due course, will examine all aspects of basic pension and its value.

Poverty

22. **Mr. Goggins:** To ask the Secretary of State for Social Security if she will make a statement on her priorities for the reduction of poverty in the United Kingdom. [4358]

Ms Harman: Our priorities in tackling low incomes are to help young people, the long-term unemployed and lone parents into work, and to get help to up to a million pensioners not claiming the Income Support to which they are entitled.

Benefit Claimants

24. **Mr. Purchase:** To ask the Secretary of State for Social Security what plans she has to improve social security office services to those claiming benefit. [4360]

Mr. Field: We are reviewing the way that the Department does business to ensure the system is more accessible and more responsive to our clients' needs.

There are over 400 sites offering a full range of services. Services for job seekers are provided in over 1,000 job centres.

Benefit Entitlement

26. **Mr. Mackinlay:** To ask the Secretary of State for Social Security what measures she proposes to ensure that those entitled to benefit have access to, and are aware of, their entitlement. [4362]

34. **Mr. Gordon Prentice:** To ask the Secretary of State for Social Security what steps she is taking to increase the take-up of benefits by people entitled to them. [4370]

Mr. Field: We are concerned that up to 1 million pensioners currently miss out on the Income Support to which they are entitled. We want to get help to Britain's poorest pensioners and are commissioning research into the reasons why pensioners fail to claim the Income Support which is their due.

Jobseeker's Allowance

27. **Mr. Skinner:** To ask the Secretary of State for Social Security what plans she has to repeal the jobseeker's Allowance. [4363]

Mr. Keith Bradley: The Government believes that work is the best form of welfare for people of working age. A programme of monitoring and evaluation is under way to enable us to ensure that Jobseeker's Allowance contributes to achieving our objectives.

Benefit Fraud

28. **Mr. Davidson:** To ask the Secretary of State for Social Security what proposals she has to tackle fraud in the benefit system. [4364]

Mr. Denham: We will be vigilant in tackling fraud, ensuring value for taxpayers' money and rebuilding confidence in the Social Security system. A number of measures to help prevent, deter and detect benefit fraud will be brought in over the next few months and we shall consider what additional measures are needed.

29. **Mr. Chope:** To ask the Secretary of State for Social Security what estimate she has made of the level of benefit fraud in the Social Security system. [4365]

Mr. Denham: The previous administration estimated about £4 billion of benefit fraud in the system of which £1 billion is detected. We shall be looking at the assumptions underpinning these figures, and at new information from an on-going programme of work and benefit reviews, to ensure we have a robust measure of the level of fraud. Our aim is to tackle fraud to ensure value for tax payers' money and to rebuild public confidence in the Social Security system.

Housing Benefit

33. **Mr. McAllion:** To ask the Secretary of State for Social Security what representations she has received relating to the proposal to restrict housing benefit entitlement for single claimants under 60 years of age. [4369]

Mr. Keith Bradley: We have received a considerable number of representations relating to this restriction. These were taken account of in our review of the regulations. My right hon. Friend, the Secretary of State, announced her decision on 18 June to revoke the extension of the single room rent for claimants between the ages of 25 and 59.

35. **Mr. Lawrie Quinn:** To ask the Secretary of State for Social Security if she will make a statement on her plans for housing benefit. [4371]

Mr. Bradley: On 18 June, my right hon. Friend, the Secretary of State, announced her decision to revoke the extension of the single room rent to those aged 25 or over.

More broadly, we will be working with other Government Departments to develop a housing policy which does not trap people on benefit and which generates personal responsibility.

We want a modernised Social Security system which will tackle poverty and welfare dependency and promote work incentives. We will develop a system which supports work, savings and honesty. We will be vigilant in tackling fraud and ensuring value for taxpayers' money. We are, therefore, committed to a review of the Social Security system as a whole, including housing benefit.

Lone Parents

36. **Dr. Iddon:** To ask the Secretary of State for Social Security if she will make a statement on the Government's policy to help lone parents into work. [4372]

Mr. Keith Bradley: The Government believes that the best form of welfare for people of working age is a job and we are committed to a package of measures as part of our welfare to work strategy which will help lone mothers to move off benefit and into work.

Young People

Mrs. Mahon: To ask the Secretary of State for Social Security what plans she has for helping young unemployed people off benefit dependency. [4348]

Mr. Field: We believe that work is the best form of welfare for people of working age. Our new deal for young people will offer opportunities for work, volunteering, training and education.

Child Benefit

Mr. Greenway: To ask the Secretary of State for Social Security if she will make a statement on her plans to reform child benefit. [4361]

Mr. Keith Bradley: Modernising the Social Security system is a key priority of the Government. We are committed to retaining universal child benefit from birth to age 16 and to uprate it at least in line with prices. We are reviewing educational finance and maintenance for those older than 16 to ensure higher staying-on rates at school and college, and that resources are used to support those in most need.

Disability Living Allowance

Mr. MacShane: To ask the Secretary of State for Social Security what steps she is taking to ensure fair medical evaluation of people claiming disability benefits. [4366]

Mr. Denham: As part of our general review of Social Security provision, we will be looking at a number of eligibility issues including the requirements for medical assessment for benefit purposes. A key priority will be to ensure that procedures for determining entitlement are fair and that claimants receive an efficient and high quality service.

Mr. Barry Jones: To ask the Secretary of State for Social Security what assessment she has made of the powers of the Independent Tribunal Service in respect of the disability appeal tribunal system with particular reference to the case of Mr. M. McCall of Broughton. [4367]

Mr. Denham: We intend to bring forward legislation to improve current decision making and appeals arrangements in the Social Security system. Further details will be announced in due course.

Mr. Sanders: To ask the Secretary of State for Social Security for what reasons the mobility component of the disability living allowance is restricted to people over the age of five years; and if she will make a statement. [5590]

Mr. Denham: We are committed to a review of Social Security with the objective of reducing poverty and welfare dependency and to provide work incentives. Provision for disabled people will form part of that review. We will announce the details in due course.

The mobility component of disability living allowance is paid primarily to help people become independently mobile. Children under the age of five cannot be independently mobile as they need guidance and supervision whilst out of doors.

Benefits Claimants (Medical Examination)

Mr. Bill O'Brien: To ask the Secretary of State for Social Security what representations she has received on changes to the procedure for DSS medical examinations for claimants; and if she will make a statement. [4357]

Mr. Field: I have received a number of representations about DSS medical assessments from a number of groups representing sick and disabled people, other interested organisations and DSS staff representatives. as part of our general review of Social Security provision we will be looking at a number of eligibility issues including the requirements for medical assessment for benefit purposes. Key priorities will be to ensure that procedures for determining entitlement are fair and that claimants receive an efficient and high quality service and that taxpayers' funds are fully protected.

Appeals

Mr. Wallace: To ask the Secretary of State for Social Security if she will set a maximum time for the hearing of appeals to the social security and other related appeals tribunals as part of the Citizen's Charter Initiative; and if she will make a statement. [5993]

Mr. Keith Bradley: Modernising the Social Security system is one of our key priorities. We will streamline services to provide better, simpler more efficient services to clients. We intend to bring forward legislation to improve current decision making and appeals arrangements for all Social Security matters. Further details will be announced in due course.

Occupational Pensions Regulatory Authority

Mr. Alan Keen: To ask the Secretary of State for Social Security when she expects to receive the Occupational Pensions Regulatory Authority's first annual report; and if she will make a statement. [6358]

Mr. Denham: We have laid the first report of the Occupational Pensions Regulatory Authority (OPRA) before both Houses today. It covers the first 12 months of OPRA's existence in which it made the necessary preparations to take up its statutory responsibilities on 6 April 1997.

OPRA has the leading role in helping to ensure that the interests of all members of occupational pension schemes are safeguarded. we are pleased that the efforts made by the Authority during its start up year enabled it to be fully operational from day one.

In-house Bids

Dr. Tony Wright : To ask the Secretary of State for Social Security (1) if she will allow West Mercia Services to make an in-house bid to continue to provide the services it currently undertakes; [4980]

(2) if she will allow in-house bids for departmental contracts. [4988]

Mr. Field: West Mercia Services are part of the Department's Accommodation and Office Services project. This is one of a range of initiatives the Department of Social Security is engaged in to test the value for money of involving external contractors. We

will review these initiatives, including Partnerships Schemes, in the light of our objectives for modernising the delivery of the welfare system; the implications for customer service, staff and the taxpayer; our commitment to work within the announced spending totals for the first two years of Government; our aim of getting best value for public money; the scope to apply the private sector's expertise, discipline and economies of scale in procuring public services and securing investment; and the flexibility for government to make changes at a later date.

Written Answers to Questions

Tuesday 1 July 1997

DEFENCE

Nuclear Test Veterans

Mr. Rowlands: To ask the Secretary of State for Defence how many claims by British nuclear test veterans have been made; and how many have been settled. [5447]

Mr. Spellar: It is not possible to say precisely how many claims for compensation from the Ministry of Defence have ever been made by British nuclear test veterans. However, my Department's computer records show that since 29 June 1976 109 claims for compensation for radiation linked illnesses have been made by ex-Service personnel who were involved in the British nuclear test programme. All of these cases have been repudiated because independent studies of the health of the test veterans showed that participation in the nuclear testing programme had had no detectable effect on the veterans' life expectation, or on their risk of developing cancer. However, nuclear test veterans may receive a War Pension, which is a matter for my right hon. Friend the Secretary of State for Social Security (Mrs. Harman).

Cyprus (Environmental Damage)

Mr. O'Hara: To ask the Secretary of State for Defence what assessment his Department has made of the risks of damage to the environment through British military exercises in the Akamas peninsula in Cyprus; and what measures *(a)* are being taken and *(b)* are planned to minimise such damage. [6255]

Mr. Spellar: Every effort is made to minimise the environmental impact of military training on the Akamas peninsula. Particular care is taken to avoid starting fires, the most important potential cause of damage from training. Exercises involving live ammunition are undertaken in the wetter and cooler months to minimise the risk. Use of the area is kept to the minimum required to meet essential training requirements and we have offered to discontinue training on the Akamas altogether if the Government of the Republic of Cyprus can provide a suitable alternative site.

Royal Yacht

Mr. Baker: To ask the Secretary of State for Defence what is his policy in respect of a possible replacement for the Royal Yacht. [6140]

Dr. Reid: The Government is currently considering the requirement for a replacement Royal Yacht, and will announce its decision in due course.

Army Recruiting Organisation

Mr. Rapson: To ask the Secretary of State for Defence if he will make a statement about Defence Agency status for the Army's Recruiting Organisation. [6439]

Dr. Reid: On 1 July the Army's recruiting function will be amalgamated with the Army Individual Training Organisation (AITO) which is an existing Defence Agency. As a result of its expanded responsibilities the AITO will be retitled the Army Training and Recruiting Agency (ATRA). The ATRA's Chief Executive, a Major General, will be known as the Director General Army Training and Recruiting (DGATR). The ATRA's headquarters will continue to be based at Upavon, Wiltshire; alongside the Headquarters of the Adjutant General who will continue as the Agency's owner. The Agency will assume responsibility for an additional 598 military and 337 civilian staff employed at various recruiting units, including the Armed Forces Careers Offices and Army Careers Information Offices throughout the country. Altogether the ATRA will employ 11,153 personnel at 178 locations.

The integration of the recruiting and individual training functions into a single Defence Agency will further improve efficiency and effectiveness in the provision of trained manpower to the Army. The ATRA's mission will be "to recruit and train young people to become the best soldiers in the world". The Chief Executive has been set the following Key Targets for the first year of operation:

1. To meet the Adjutant General's requirement for Commissioned Officers.[1]
2. To meet the Adjutant General's requirement for officers qualified for service in a Field Force Unit following successful Special-to-Arm training.[1]
3. To meet the Adjutant General's requirement for officers' professional development training.[1]
4. To meet the Adjutant General's requirement for soldiers qualified for service in a Field Force Unit following successful Special-to-Arm Training.[1]
5. To meet the Adjutant General's requirement for soldiers' professional development training.[1]
6. To achieve efficiency savings greater than £20 million in 1997–98. During the year to develop an efficiency index that measures training output and associated costs as a baseline to achieve year on year improvements in efficiency.

I shall arrange for copies of the agency's Framework Document to be placed in the Library of both Houses.

[1] As expressed in the Statement of Training Requirement (SOTRs) which stipulate the numbers to be trained, the standards to be achieved and when the output is required. SOTRs are published (internally within MOD) in AG's Annual Management Plan, although with the agreement of the Agency they may be updated during the year to reflect changes to the requirement.

Defence Analytical Services Agency

Mr. Rapson: To ask the Secretary of State for Defence what performance targets have been set for the Defence Analytical Services Agency for 1997–98. [6438]

Dr. Reid: Key Targets have been set for the Chief Executive of the Defence Analytical Services Agency for

financial year 1997–98. The targets build on the progress already made by the Agency since it formed in July 1992 and are as follows:

Delivery of customer service and quality

The majority of the Agency's business is covered by Service Level Agreements with customers, which set out the targets for timeliness and quality of work. For the parts of the business where Service Level Agreements are inappropriate, Project Agreements are in place. The Agency is committed to achieving a continual improvement in the range and quality of the services provided to customers. Key targets are:

(a) To meet at least 95 per cent. of the timeliness and quality targets set in the Service Level Agreements and Project Agreements.

(b) To have at least 90 per cent. of customers saying they are at least satisfied with the timeliness, quality of work and helpfulness of staff in the annual Customer Satisfaction Survey covering all aspects of the business.

(c) To have at least 25 per cent. of customers receiving DASA services in both 1996–97 and 1997–98 report an improvement in the services provided in the annual Customer Satisfaction Survey.

(d) To demonstrate a further, independently assessed, improvement in the quality of published output.

Efficiency and business excellence

The Agency plans to make efficiency savings in 1997–98 as well as meeting the additional demands placed upon it by a number of important studies and initiatives. The Agency is committed to continual improvement and is using the Business Excellence Model as a means of driving this forward. Key targets are:

(e) To achieve a British Quality Foundation validated score of 350 points or more against the Business Excellence Model.

(f) To deliver efficiency savings with a value of at least 2.5 per cent. of the initial running cost cash allocation.

Plastic Baton Rounds

Mr. Sedgemore: To ask the Secretary of State for Defence, pursuant to his answer of 19 June, *Official Report*, column *263*, what factors underlie the differences of policy between Her Majesty's Inspector of Constabulary and his Department in respect of the disclosure of the name of the company whose baton gun is authorised for police use in the United Kingdom. [6296]

Dr. Reid: There is no difference in policy between my Department and Her Majesty's Inspector of Constabulary in this respect. My Answer of 19 June to my hon. Friend, *Official Report*, column *263*, related to the manufacturer of the baton rounds rather than the baton gun.

Mr. Sedgemore: To ask the Secretary of State for Defence, pursuant to the answer of 19 June, *Official Report*, column *262*, what happened on or before 24 March to prompt his Department to advise the RUC that some 1994 plastic baton rounds were outside agreed specification when earlier tests carried out in 1995 were not considered conclusive. [6107]

Mr. Spellar *[holding answer 30 June 1997]:* Following a meeting of MOD technical staff in February 1997 to discuss the baton round development programme, the MOD decided that rounds manufactured in 1994 should be withdrawn from operational use. This decision was taken in the light of the tests carried out in 1995 and further tests which had been conducted in 1996. The 1996 tests showed that batches of rounds manufactured in that year did not exceed the specification and were therefore to be preferred to the 1994 rounds.

Defence Industry (Chelmsford)

Mr. Burns: To ask the Secretary of State for Defence (1) what help he will make available to defence-related companies in the Chelmsford area to diversify into non-military activities to offset redundancies in the defence industry; [3784]

(2) what help his Department will make available to employees of Marconi Communications in Chelmsford who have been made redundant to help them retrain and get back into work; and if he will make a statement. [3786]

Mr. Spellar *[holding answer 16 June 1997]:* I have met with the hon. Member to discuss this matter. I understand that he has also raised with the Parliamentary Under-Secretary of State for Small Business, Trade and Industry the question of what help can be made available in the fields of retraining and assistance. The Ministry of Defence does not currently have a role in such measures. However, I hope that in the future our developing policy towards defence diversification will offer some help in similar situations. As I told the House on 16 June, the Government will be making proposals in the autumn on how best to give effect to the objectives for defence diversification as outlined in our manifesto.

Al-Yamamah Contract

Mr. Gordon Prentice: To ask the Secretary of State for Defence if he will establish the level of commission paid to individuals to secure the Al-Yamamah contract. [5622]

Mr. Spellar *[holding answer 27 June 1997]:* The British Government have not employed business agents to secure the Al-Yamamah contract and has paid no commissions. Any use of agents by companies associated with Al-Yamamah is a matter for those companies, but the prime contractor, British Aerospace, has assured us that it operates in accordance with the laws and regulations of Saudi Arabia.

HOME DEPARTMENT

Metropolitan Police

Mr. Ian Taylor: To ask the Secretary of State for the Home Department if he will transfer responsibility for that part of Elmbridge currently in the Metropolitan police area to the Surrey police area. [6223]

Mr. Michael: We have no plans to change the boundaries of the Metropolitan police district.

European Court of Justice

Mr. Mitchell: To ask the Secretary of State for the Home Department if he will list the titles and purposes of those conventions *(a)* proposed and *(b)* agreed under the Home and Justice Pillar of the treaty of Maastricht which proposed that the European Court of Justice should have judicial powers in respect of that convention; in each case what was the position of Her Majesty's Government in

respect of providing those powers for the Court; and what parliamentary proceedings are planned before ratification of each agreed convention. [5564]

Ms Joyce Quin: Seven conventions have been agreed under the third pillar of the treaty on European Union, and six more are currently under discussion. The information requested is set out in respect of each convention.

Concluded conventions

1. Convention on the Establishment of a European Police Office (Europol Convention)

The purpose is to establish a European police office. The European Court of Justice has jurisdiction over disputes relating to conditions of employment of Europol staff. A subsequent protocol to the convention establishes an optional jurisdiction for the court in respect of points referred by national courts for preliminary rulings. The convention was ratified by the United Kingdom on 10 December following debates in both Houses of Parliament on an order granting Europol legal status in the United Kingdom.

2. Convention on the Use of Information Technology for Customs Purposes (Customs Information System Convention)

The purpose is to enhance the exchange of intelligence between member states on the movement of drugs and other prohibited or sensitive goods. The convention establishes jurisdiction for the European Court of Justice to rule on disputes between member states and between member states and the European Commission. The Court also has an optional jurisdiction to give preliminary rulings on interpretation of the convention, subject to member states declaring whether they will accept this jurisdiction. The convention was ratified by the United Kingdom on 18 June 1997.

3. Convention on the Protection of the European Communities' Financial Interests (Fraud Convention)

The purpose is to ensure that frauds committed against European Community (EC) funds are appropriately criminalised in all member states. The European Court of Justice has jurisdiction over certain parts of the convention to rule on disputes between member states, disputes between member states and the European Commission and proceedings brought by individuals against the Commission. The convention establishes an optional jurisdiction for the Court to give preliminary rulings on the interpretation of the convention and its first protocol, subject to member states declaring whether they will accept this jurisdiction. An order under section 78(3) of the Criminal Justice Act 1993 is required before the convention can be ratified.

4. Convention on the Fight against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union

The purpose is to ensure that acts of corruption by or in relation to European Community or national officials (whether or not to the detriment of the EC budget) are appropriately criminalised in all member states. The European Court of Justice has jurisdiction over disputes between member states, and over disputes between member states and the European Commission as regards certain articles. The convention establishes an optional jurisdiction for the Court to give preliminary rulings on the interpretation of certain articles, subject to the acceptance of such jurisdiction by member states. No further parliamentary proceedings are required to ratify the convention.

5. Convention on Simplified Extradition Procedure between the Member States of the European Union

The purpose is to improve extradition procedures between the member states in cases where the subject consents. The European Court of Justice has no jurisdiction. Ratification of the convention will require amendment of the Extradition Act 1989.

6. Convention Relating to Extradition between the Member States of the European Union

The purpose is to improve extradition procedures between member states. The European Court of Justice has no jurisdiction. Ratification of the convention will require amendment of the Extradition Act 1989.

7. Convention on the Service in the Member States of the European Union of Judicial and Extra Judicial Documents in Civil and Commercial Matters

The purpose is to formalise procedures for the service of documents in civil and commercial matters. The European Court of Justice has jurisdiction to give preliminary rulings on the interpretation of the convention, subject to the acceptance of such jurisdiction by member states. Ratification procedures may require changes to the Rules of Court.

Proposed conventions under discussion

1. *Draft Convention on Driving Disqualifications.*

The purpose of the convention is to prevent drivers who are given a driving disqualification in a member state from escaping the ban when they travel to another member state. There is no provision for European Court of Justice jurisdiction.

2. *Draft Convention on Mutual Assistance in Criminal Matters between Member States of the European Union.*

The purpose of the convention is to update and improve procedures for provision of mutual legal assistance between member states in criminal matters. There is no provision for European Court of Justice jurisdiction.

3. *Draft Convention on the Crossing of the External Frontiers of the Member States of the European Union.*

The purpose is to provide for common standards of immigration control at the external frontiers of the European Union. The draft convention contains provision for the European Court of Justice to give preliminary rulings concerning the interpretation of the convention and to rule on disputes between member states and the European Commission.

4. *Draft Convention on Jurisdiction, Recognition and Enforcement of Judgments in Matrimonial Matters (Brussels II Convention).*

The purpose is to allow the recognition and enforcement of judgments in matrimonial matters between member states. No decisions have yet been taken about European Court of Justice jurisdiction.

5. *Draft Convention on Mutual Assistance and Co-operation between Customs Administrations (Naples II Convention).*

The purpose is to foster operational co-operation and assistance between customs administrations of the European Union. No decisions have yet been made about possible European Court of Justice jurisdiction.

6. *Draft Eurodac Convention.*

The purpose is to set up a system of collection, storage, exchange and comparison of fingerprints of applicants for asylum, in connection with Article 15 of the Convention Determining the State Responsible for Examining Applications for Asylum Lodged in one of the member states of the European Communities (the Dublin convention—a pre-Maastricht instrument). The issue of possible European Court of Justice jurisdiction has yet to be discussed.

The Government's views

As all conventions agreed under the third pillar require unanimity, it may be taken that Her Majesty's Government were content with any role established for the Court in respect of the concluded conventions. As regards draft conventions still under discussion, the Government's general approach is to consider the possible need for European Court of Justice jurisdiction in each case on its merits.

Schengen Agreement

Sir Richard Body: To ask the Secretary of State for the Home Department to what extent the decision on whether or not to join the Schengen Agreement was influenced by his assessment of the technical and operational documents relating thereto; and if he will make a statement. [6098]

Mr. Mike O'Brien: The Government have no intention of signing the Schengen agreement because it would require the removal of United Kingdom frontier controls with other member states. This decision was not influenced by our examination of documents relating to the implementation of the agreement.

Extradition (Mr. Ronnie Biggs)

Mr. Gordon Prentice: To ask the Secretary of State for the Home Department when the extradition treaty with Brazil is to be concluded; and what steps he is taking to secure the extradition of Mr. Ronnie Biggs. [5605]

Mr. Michael: The United Kingdom/Brazil extradition treaty was signed on 18 July 1995. Both the United Kingdom and Brazil have now completed the necessary domestic parliamentary procedures for ratification. Preparations are in hand for the drawing up of the instrument of ratification for signature by my right hon. Friend the Foreign Secretary. This will then be forwarded to Brazil where Her Majesty's ambassador will exchange instruments with a representative of the Brazilian Government. The treaty will come into force on the date of the exchange of instruments of ratification. Only then could any request for extradition be made. In line with normal practice, I would not disclose the existence of any request until proceedings had been instituted in the requested state.

Passport Agency (Northern Ireland)

Mr. Robert McCartney: To ask the Secretary of State for the Home Department what is the policy of the Passport Agency in Northern Ireland in relation to the use of the name of the city and county of Londonderry.[5639]

Mr. Mike O'Brien: It is the policy of the Passport Agency in Northern Ireland to issue passports showing the place of birth as either Londonderry or Derry, depending on which has been used by the applicant on the application form. The county in which an applicant is born is not recorded on passports.

Mr. Jonathan Aitken

Mr. Gordon Prentice: To ask the Secretary of State for the Home Department how many police officers and of which rank are currently assigned to investigate the alleged offences of Mr. Jonathan Aitken. [6058]

Mr. Michael: The Commissioner informs me that a senior detective from the Specialist Operations Department at New Scotland Yard has been appointed to investigate the allegation. Other detectives will assist the inquiry. They will be selected on the basis of the skills they bring to the task, and not according to their rank.

Asylum Applications

Mr. Todd: To ask the Secretary of State for the Home Department what plans he has to announce changes to the handling of asylum applications from nationals of Sierra Leone. [6546]

Mr. Mike O'Brien: In view of the current situation in Sierra Leone, we have decided to declare that that country has undergone such a fundamental change in circumstances that we would not normally order the return of a person to that country for the time being. The effect is that a Sierra Leonean national who entered the United Kingdom previously and applies for asylum within three months of this declaration being made, becomes eligible to claim social security benefits while their application is considered by my Department. No decisions will be made on asylum applications made by Sierra Leonean nationals until the situation stabilises.

Police Act 1997

Mr. Todd: To ask the Secretary of State for the Home Department what plans he has to implement part IV of the Police Act 1997. [6547]

Mr. Michael: We intend to bring part IV of the Police Act 1997, which establishes the Police Information Technology Organisation (PITO) as an executive non-departmental public body (NDPB), into force in two stages. In the autumn, we shall appoint the board of PITO and confer on it the necessary powers to bring to fruition the preparations required to establish the NDPB. The board will then take on its statutory functions in respect of police information technology and procurement with effect from 1 April 1998. PITO's new status will bring the police service into the heart of decision making and lead to the improved delivery of cost-effective and timely information technology systems.

PITO was set up in April 1996 on an interim basis as part of the Home Office. We are today publishing the organisation's first annual report, copies of which are available in the Library.

Electoral Register

Mr. Hinchliffe: To ask the Secretary of State for the Home Department what proposals he has to establish a rolling electoral register; and if he will make a statement. [5048]

Mr. George Howarth: We are examining this issue carefully.

Mr. Barnes: To ask the Secretary of State for the Home Department what plans he has to alter the guidance issued to electoral registration officers; and if he will make a statement. [6022]

Mr. Howarth: Guidance is issued regularly to electoral registration officers on all aspects of electoral registration as this is required. Written guidance was last issued to electoral registration officers and acting returning officers in England and Wales on 19 June.

Mr. Barnes: To ask the Secretary of State for the Home Department if his Department will *(a)* assess the (i) advantages and (ii) disadvantages and *(b)* estimate the costs of introducing a rolling electoral registration system. [6024]

Mr. Howarth: We are examining this issue carefully and will look at the points mentioned by my hon. Friend.

Postal and Proxy Voting

Mr. Hinchliffe: To ask the Secretary of State for the Home Department what steps he plans to take to ensure that persons requiring a postal vote at elections are properly informed about the availability of postal votes and proxy voting and have time to complete the relevant forms. [5049]

Mr. George Howarth: Absent voting facilities were publicised at the general election through a television campaign and advertisements in the national press. We are currently reviewing the effectiveness of this publicity. The closing dates for absent vote applications were recently relaxed as set out in the Representation of the People (Amendment) Regulations 1997.

Mr. Hinchliffe: To ask the Secretary of State for the Home Department for what reasons forms for infirm elderly and disabled persons requiring a postal or proxy vote were not available at some electoral registration offices prior to the 1997 general election. [5050]

Mr. Howarth: I understand that in the Wakefield area, just before the general election, application forms for an absent vote for an indefinite period were not available. Electors affected by this were provided with alternative application forms so that they could obtain an absent vote for the elections on 1 May. They were subsequently supplied with application forms to give them absent votes for an indefinite period.

Polling Stations (Access)

Mr. Barnes: To ask the Secretary of State for the Home Department if he will estimate the numbers of disabled people who failed to vote at the last general election due to their inability to gain access to polling stations; and if he will make a statement. [6014]

Mr. George Howarth: Information on the number of disabled people who could not vote in person at the general election because they could not gain access to a polling station is not collected centrally. District and London borough councils are statutorily required to designate as polling places, so far as is reasonable and practicable, only places which are accessible to the disabled. Acting returning officers may apply to the Home Office for grants towards the cost of providing temporary ramps where it is not possible for them to use a building for the purpose of a polling place which affords easy access for the disabled. Grants are also available for specially adapted polling screens for use by the disabled.

Protection of Badgers Act

Mr. Flynn: To ask the Secretary of State for the Home Department how many *(a)* arrests, *(b)* prosecutions and *(c)* convictions have been recorded under the Protection of Badgers Act 1992 in each year since 1992, broken down by local authority in (i) England and (ii) Wales; and if he will make a statement. [5706]

Mr. Michael: I have been asked to reply.

Information on the number of people arrested for specific offences is not collected centrally.

Available court proceedings data, by police force area, are given in the table. 1996 information will be available in the autumn.

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Sections 1 to 5 and 10[1]							
	1992		*1993*		*1994*		*1995*	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
Avon and Somerset	—	—	—	—	—	—	2	2
Cheshire	2	2	—	—	4	4	—	—
Cleveland	4	2	2	2	—	—	—	—
Cumbria	1	—	—	—	5	3	1	—
Derbyshire	3	3	4	—	1	—	1	1
Devon and Cornwall	8	—	1	—	—	—	—	—
Dorset	—	—	1	1	—	—	—	—
Essex	—	—	4	—	—	—	2	1
Gloucestershire	—	—	—	—	1	—	—	—
Greater Manchester	—	—	—	—	—	—	—	—
Hampshire	3	—	2	2	1	—	6	—
Hertfordshire	1	1	1	1	4	4	—	—
Humberside	4	4	3	3	—	—	3	2
Kent	—	—	—	—	—	—	1	—
Lancashire	—	—	—	—	—	1	1	1
Leicestershire	1	1	—	—	—	—	—	—
Lincolnshire	—	—	4	4	—	—	—	—
Merseyside	—	—	1	1	—	—	—	—
Metropolitan Police	—	—	—	—	—	—	—	—
Norfolk	—	—	—	—	—	—	—	—
North Yorkshire	—	—	7	2	—	—	1	1
Northumbria	2	2	—	—	—	—	3	3
Nottinghamshire	—	—	—	—	—	—	2	2
South Yorkshire	2	—	3	2	—	—	—	—
Staffordshire	—	—	1	—	2	—	8	6
Suffolk	—	—	1	—	—	—	—	—
Surrey	—	—	—	—	—	—	—	—
Sussex	1	—	6	1	3	3	—	—
Warwickshire	—	—	—	—	—	—	—	—

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Sections 1 to 5 and 10[1]							
	1992		1993		1994		1995	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
West Mercia	9	7	2	—	4	4	2	2
West Yorkshire	1	1	2	1	7	3	—	—
Wiltshire	—	—	1	—	—	—	—	—
England	42	23	46	20	32	22	33	21
Dyfed Powys	2	2	—	—	—	—	5	3
Gwent	—	—	—	—	—	—	—	—
North Wales	3	3	2	2	7	5	3	3
South Wales	3	—	—	—	—	—	—	—
Wales	8	5	2	2	7	5	8	6
England and Wales	50	28	48	22	39	27	41	27

[1] Offences of cruelty to badgers and special protection for badgers and their setts.

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Section 13[2]							
	1992		1993		1994		1995	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
Avon and Somerset	—	—	—	—	—	—	—	—
Cheshire	—	—	—	—	—	—	—	—
Cleveland	1	1	—	—	—	—	—	—
Cumbria	—	—	—	—	—	—	—	—
Derbyshire	—	—	—	—	—	—	—	—
Devon and Cornwall	1	1	1	1	1	1	—	—
Dorset	—	—	—	—	—	—	—	—
Essex	—	—	—	—	1	1	—	—
Gloucestershire	—	—	—	—	—	—	—	—
Greater Manchester	1	1	—	—	2	2	—	—
Hampshire	—	—	—	—	—	—	—	—
Hertfordshire	—	—	—	—	—	—	—	—
Humberside	—	—	—	—	—	—	—	—
Kent	—	—	2	2	—	—	—	—
Lancashire	—	—	—	—	—	—	—	—
Leicestershire	—	—	—	—	—	—	—	—
Lincolnshire	—	—	—	—	—	—	—	—
Merseyside	—	—	1	—	—	—	—	—
Metropolitan Police	—	—	2	—	1	—	—	—
Norfolk	—	—	—	—	1	1	—	—
North Yorkshire	—	—	—	—	—	—	—	—
Northumbria	—	—	—	—	—	—	—	—
Nottinghamshire	—	—	—	—	—	—	1	—
South Yorkshire	—	—	—	—	—	—	—	—
Staffordshire	1	1	—	—	—	—	1	1
Suffolk	—	—	—	—	1	1	—	—
Surrey	—	—	—	—	—	—	2	2
Sussex	2	1	—	—	1	1	—	—
Warwickshire	—	—	—	—	1	—	—	—
West Mercia	1	1	6	6	—	—	1	1
West Yorkshire	4	2	—	—	1	1	1	1
Wiltshire	—	—	—	—	—	—	—	—
England	11	8	12	9	10	8	6	5
Dyfed Powys	—	—	—	—	1	—	1	1
Gwent	1	1	—	—	—	—	—	—
North Wales	—	—	—	—	—	—	—	—
South Wales	—	—	—	—	—	—	—	—
Wales	1	1	—	—	1	—	1	1
England and Wales	12	9	12	9	11	8	7	6

[2] Offence of failing to give up dog for destruction or having custody of a dog while disqualified (Powers of court where dog used or present at commission of offence under Sections 1, 2 or 3 of the Act).

Pros = Prosecutions, Con = Convictions.

Wild Mammals (Protection) Act

Mr. Flynn: To ask the Secretary of State for the Home Department how many *(a)* arrests, *(b)* prosecutions and *(c)* convictions have been recorded under the Wild Mammals (Protection) Act 1996 since its introduction, broken down by local authority in (i) England and (ii) Wales; and if he will make a statement. [5703]

Mr. Michael: I have been asked to reply.

Information on the number of people arrested for specific offences is not collected centrally.

Information on court proceedings under the Wild Mammals (Protection) Act 1996, which came into force on 29 April 1996, will first become available this autumn. That information will be by police force area and not by local authority area.

NATIONAL HERITAGE

Millennium Exhibition

Mr. Mitchell: To ask the Secretary of State for National Heritage if he will list the public spending implications in respect of *(a)* land reclamation, *(b)* infrastructure works, *(c)* costs, *(d)* road construction and *(e)* other items arising from the decision to proceed with a Millennium Exhibition in Greenwich. [5633]

Mr. Chris Smith: All these regeneration costs are included in existing public expenditure plans. The Millennium Exhibition itself has no public spending implications. The Millennium Commission has pledged its support for the project by committing £400 million of National Lottery proceeds to it.

Millennium Celebrations

Mr. Tipping: To ask the Secretary of State for National Heritage what plans he has for an additional bank holiday in the year 2000 to celebrate the Millennium. [6133]

Mr. Chris Smith *[holding answer 30 June 1997]:* There is a clear demand in the country for a one-off additional bank holiday to mark the Millennium. I shall be recommending to colleagues that my Department proceed to consultation with the relevant interest groups on the basis that the holiday should take place on Friday 31 December 1999.

LORD CHANCELLOR'S DEPARTMENT

Public Record Office

Mr. MacShane: To ask the Parliamentary Secretary, Lord Chancellor's Department what are the key performance targets for the Public Record Office executive agency for 1997–98. [6545]

Mr. Hoon: The following table sets out the key performance targets that the Lord Chancellor has set for the Public Record Office for 1997–98.

Public Record Office Key Performance Indicators and Targets 1997–98

Indicator	*Target*
Efficiency	
Unit costs of key activities:	
(a) record accessions;	Reduce by 37.55 per cent. to £1.68.
(b) providing record storage space per linear metre;	Limit increase to 0.93 per cent., i.e. to £67.52.
(c) making documents available to users per document;	Reduce by 23.38 per cent. to £3.90.
(d) providing Census reader services per reader visit;	Reduce by 17.68 per cent. to £4.33.
(e) providing document reader services per reader visit;	Reduce by 16.95 per cent. to £37.24.
(f) providing remote user information services per contact.	Reduce by 42.10 per cent. to £26.38.
Backlog of records reported by departments as being over 30 years old and awaiting review.	Reduce by 1200 metres.
The timely destruction of records not worthy of preservation.	Departments to have in place key features of records management, as specified in the PRO Manual of Records Administration.
Provision of acceptable storage conditions i.e. meeting the preservation and environmental standards recommended by *BS 5454: 1989 Recommendations for storage and exhibition of documents (BSI. 1989).*	Increase the proportion of records stored to the standards from 87.85 per cent. to 88.12 per cent.
Management efficiency in running support services and projects.	Reduce the running costs of the Office's support services as a proportion of overall running costs from 9.8 per cent. to 9.01 per cent.
Quality of Service	
Citizen's Charter Standards.	Achieve the Charter Standard targets.
Effectiveness	
Performance in achieving specified milestones towards strategic objectives.	I. Carry out the quinquennial agency review of the Office and implement its agreed recommendations to the required timetable. II. Extend the Office's opening hours by 29 per cent. III. Increase revenue by 13 per cent. against the 1996–97 target.

Fuller details of the agency's targets are given in its business plan, which is available from the Public Record Office.

LORD PRESIDENT OF THE COUNCIL

Drugs Tsar

Mr. Beith: To ask the President of the Council what will be the responsibilities and terms of appointment of the official described as the drugs tsar. [2384]

Mrs. Ann Taylor: The post-holder will be responsible to the Cabinet Sub-Committee on Drug Misuse, which I chair. His or her main tasks will be to provide visible leadership in the fight against drugs; to support and help co-ordinate the efforts of relevant agencies; and to draw up for ministerial consideration a new strategy for

tackling drugs. Detailed terms of reference are being drawn up, and an appointment will be made as soon as possible.

Mr. Beith: To ask the President of the Council when she expects to reply to the question of 5 June from the hon. Member for Berwick upon Tweed relating to the drugs tsar. [6336]

Mrs. Taylor: I have replied to the hon. Member today.

Departmental Advisers

Mr. Mitchell: To ask the President of the Council if she will list the special advisers in her Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in her Department in the year up to 1 May. [5365]

Mrs. Ann Taylor: Subject to final agreement on their salaries, three special advisers are being appointed in the Privy Council Office: Mr. Ian McKenzie, Mr. Damien Welfare and Miss Marianne Morris. Special advisers are employed on terms and conditions based on a model contract, a copy of which has been placed in the Library of the House. Mr. McKenzie is to advise me, and Mr. Welfare and Miss Morris are to advise my noble Friend the Lord Privy Seal, in his capacity as Leader of the House of Lords, on a range of matters concerning parliamentary business and, in particular legislation, in accordance with schedule 1 (part 1) of the Model Contract. The number of special advisers to Ministers in the Privy Council Office during the financial year 1996–97 was two.

NORTHERN IRELAND

Planning Service

Mr. McGrady: To ask the Secretary of State for Northern Ireland if the review of the area plans in respect of the Down and Newry and Mourne district council areas will be included in the Planning Service's business case for the financial year 1997–98. [5407]

Mr. Murphy: Responsibility for this subject has been delegated to the Planning Service under its chief executive Mr. T. W. Stewart. I have asked him to arrange for a reply to be given.

Letter from T. W. Stewart to Mr. Eddie McGrady, dated 26 June 1997:

The Secretary of State has asked me to reply to your Question about the Down and Newry and Mourne area plans.

As I explained in my recent letter of 20 June 1997 on this issue, the review of the Down and Newry and Mourne area plans is not included in the Agency's Business Plan for 1997–98, a copy of which is enclosed. I explained that the programming of work on both plans will be taken into account in accordance with competing priorities and available resources. At present, there is no agreed time-scale for the commencement and execution of the work.

I do hope this further clarifies the position.

Absent Voting

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland if she will list the number of absent voting papers issued in each local government area for the 1993 and 1997 elections and the Northern Ireland total and percentage, and the percentage difference for each council between 1993 and 1997; and if she will make a statement. [3832]

Mr. Murphy: The information requested is as follows:

1993 and 1997 Northern Ireland District Council General Elections

Absent voters

District Council	*1993*	*1997*	*Percentage difference*
Derry	1,637	1,912	16.80
Limavady	990	927	-6.36
Coleraine	1,407	1,296	-7.89
Ballymoney	375	462	23.20
Moyle	486	380	-21.81
Larne	287	274	-4.53
Ballymena	872	851	-2.41
Magherafelt	1,212	1,902	56.93
Cookstown	2,206	2,539	15.10
Strabane	1,125	2,072	84.18
Omagh	2,005	2,665	32.92
Fermanagh	3,581	4,206	17.45
Dungannon	3,117	3,396	8.95
Craigavon	1,461	1,422	-2.67
Armagh	2,385	2,974	24.69
Newry and Mourne	2,884	3,529	22.36
Banbridge	1,588	1,526	-3.90
Down	2,714	2,164	-20.26
Lisburn	1,098	1,192	8.56
Antrim	665	503	-24.36
Newtownabbey	659	582	-11.68
Carrickfergus	386	366	-5.18
North Down	689	765	11.03
Ards	568	727	27.99
Castlereagh	432	463	7.17
Belfast	2,633	2,913	10.63
Total	37,462	42,008	12.13

These figures show there has been a significant increase in the overall numbers of absent votes in Northern Ireland.

It is also the case however that in almost half of the local government areas the number of voting papers issued in 1997 were down on the 1993 figures. In Antrim by 24 per cent., in Moyle by 21 per cent. and in Down by 20 per cent. In areas where there has been an increase it has been less than 12 per cent. in over a quarter and less than 20 per cent. in over half. Nevertheless in 1997 in four local government areas (Strabane, Magherafelt, Omagh and Ards) voting papers issued increased by more than 25 per cent.

Unemployment

Rev. Martin Smyth: To ask the Secretary of State for Northern Ireland if she will identify the categories and travel-to-work areas of long-term unemployed people. [5140]

Majorie Mowlam: The latest available information as at 8 May 1997 is as follows:

Number of long-term (one year or more) unemployed in Northern Ireland at 8 May 1997 by travel–to–work area and occupational sought

	New Socus: Travel–to–Work Area											
	Ballymena	*Belfast*	*Coleraine*	*Cookstown*	*Craigavon*	*Dungannon*	*Enniskillen*	*Londonderry*	*Magherafelt*	*Newry*	*Omagh*	*Strabane*	*Total*
Health	21	339	54	11	47	25	27	76	8	57	35	15	715
Teaching	12	159	24	3	19	11	11	38	4	8	10	5	304
Construction	174	2,531	508	183	468	427	529	690	322	691	311	239	7,073
Transport	70	1,045	136	69	222	110	126	249	53	261	127	83	2,551
Clothing	9	221	28	16	56	25	15	89	23	29	10	32	553
Agriculture	21	300	172	44	115	90	168	98	36	133	80	121	1,378
Business	3	74	11	6	10	4	6	9	1	5	8	1	138
Law	12	214	34	5	24	5	17	43	4	19	5	10	392
Food	31	282	65	15	141	19	62	77	16	72	23	13	816
Catering	30	1,012	114	22	95	30	77	238	25	88	68	37	1,856
Clerical	57	768	67	21	112	55	54	138	15	84	50	23	1,444
Labouring	76	3,579	472	156	655	94	283	1,606	54	475	351	392	8,193
Managerial	9	161	21	1	32	6	4	31	2	19	6	5	297
Engineering	6	69	6	1	12	6	5	18	2	3	12	7	147
Miscellaneous	174	1,788	165	32	183	110	34	178	60	57	33	45	2,859
Skilled	24	1,079	164	52	128	82	48	215	69	156	69	84	2,170
Sales	40	826	89	31	102	52	61	143	23	89	74	36	1,566
Computing	12	346	32	6	50	23	19	75	13	59	26	21	682
Other/NK	—	3	—	—	—	—	—	—	—	—	—	1	4
Total	781	14,796	2,162	674	2,471	1,194	1,546	4,011	730	2,305	1,298	1,170	33,138

Plastic Baton Rounds

Mr. Sedgemore: To ask the Secretary of State for Northern Ireland when the ACPO Joint Standing Committee on Police Use of Firearms was informed of the use of faulty plastic bullets. [6115]

Mr. Michael *[holding answer 30 June 1997]:* I have been asked to reply.

The Secretary of the Association of Chief Police Officers Joint Standing Committee on the Police Use of Firearms was informed that certain plastic baton rounds were not performing to the required specification on 25 March 1997.

Alcohol Smuggling (Sunday Markets)

Mr. Hunter: To ask the Secretary of State for Northern Ireland if he will provide details of the seizures of alcohol smuggled through Sunday markets in the past six months. [5246]

Dawn Primarolo: I have been asked to reply.

I regret that no central figures are kept.

DUCHY OF LANCASTER

Special Advisers

Mr. Mitchell: To ask the Chancellor of the Duchy of Lancaster if he will list the special advisers in his Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in his Department in the year up to 1 May. [5363]

Dr. David Clark: I have appointed one special adviser, Andrew Lappin, who is responsible to me.

Mr. Lappin is employed under terms and conditions based on the model contract for special advisers, a copy of which has been placed in the Library of the House. Mr. Lappin advises me on issues across the range of my responsibilities in accordance with Schedule 1 (Part 1) of the Model Contract.

There were two special advisers in my Department in the year up to 1 May. Sir Paul Judge was special adviser to the Chancellor of the Duchy of Lancaster until resigning in July 1996; he was succeeded by Andrew Caesar-Gordon from September 1996 to March 1997.

In addition, the Deputy Prime Minister and First Secretary of State had two special advisers in his office. Dr. Alan Kemp until his resignation in December 1996; and Lady Eileen Strathnaver until April 1997.

Deregulation

Mr. Letwin: To ask the Chancellor of the Duchy of Lancaster where the Deregulation Unit which was part of the Cabinet Office is now located; and by what name it is now known. [5634]

Dr. David Clark: The Deregulation Unit has been renamed the Better Regulation Unit to reflect our priority to get regulation right. It remains a core part of the Cabinet Office. The Government is committed to ensuring that regulations are simple, helpful and fair both to business, particularly small firms, and to the citizen.

The work of the Unit will contribute to my Department's White Paper, "Better Government" to be published in the autumn, setting out a unified programme for the renewal of government.

Mr. Cotter: To ask the Chancellor of the Duchy of Lancaster what plans he has to re-assess the deregulation initiative; and if he will make a statement. [5816]

Dr. Clark: The Government is committed to ensuring that regulations are simple, helpful and fair. We aim to deliver responsible and responsive regulation for business, particularly small firms, and the citizen. The Deregulation Unit has been renamed the Better Regulation Unit to reflect our priority to get regulation right.

We are giving small firms a greater voice by appointing six small business representatives on the revitalised Task Force. To develop practical measures to help small businesses, we are setting up a cross-departmental group on "Access Business". It will draw together regulatory advice and forms into a simpler, more unified service, in particular using advances in information technology.

We are equally committed to removing bureaucracy from the lives of ordinary people, bringing citizens' issues to the fore. We will focus on key groups—the elderly, the young, the disadvantaged and volunteers.

The work of the Unit will contribute to my Department's White Paper, "Better Government" to be published in the autumn, setting out a unified programme for the renewal of government.

Mr. Letwin: To ask the Chancellor of the Duchy of Lancaster what policy he will adopt in relation to the further deregulation of British industry. [5635]

Dr. Clark: As we made clear in our Manifesto, we are committed not to impose unnecessary burdens on business. I am also appointing a revitalised Task Force and will work with them to lift regulatory burdens wherever appropriate.

Mr. Letwin: To ask the Chancellor of the Duchy of Lancaster what steps he is taking to improve the regulation of British industry. [5636]

Dr. Clark: I aim to modernise Government for business—particularly small firms—and citizens by achieving better quality regulation. To develop practical measures to help small businesses, we are setting up a cross-departmental group on "Access Business". It will draw together regulatory advice and forms into a simpler, more unified service, in particular using advances in information technology.

I am also in the process of appointing a revitalised Task Force, half of whose members will represent small business. I look forward to working with them to ensure that new regulations are simple, helpful and fair.

Freedom of Information

Mr. Mitchell: To ask the Chancellor of the Duchy of Lancaster to which public bodies the Government's proposed Freedom of Information Act will apply. [5972]

Dr. David Clark: We believe that the Freedom of Information Act should apply to a substantial number of public bodies in addition to central Government departments and agencies. Details of our proposals will be set out in the forthcoming White Paper.

Sovereign (Communications)

Mr. Mackinlay: To ask the Chancellor of the Duchy of Lancaster if he will review public access to those communications sent directly to the Sovereign from other Heads of State relating to the political relations between the country concerned and the United Kingdom. [5712]

Mr. David Clark: Communications about political matters from Heads of State to the Sovereign are referred to the Foreign and Commonwealth Office and therefore come within the ambit of the Public Records Acts. The forthcoming White Paper on Freedom of Information will address the issue of public access to all types of government records.

HOUSE OF COMMONS

Rifle Range

Ms Gisela Stuart: To ask the President of the Council what arrangements exist for access by hon. Members to the rifle range; how many members of the rifle club there are; and how many of these are hon. Members. [4064]

Mrs. Ann Taylor: I am advised by the Rifle Club that it has 24 members, four of whom are hon. Members. If hon. Members wish to access the rifle range they can contact the club.

FOREIGN AND COMMONWEALTH AFFAIRS

Social Chapter

Sir Richard Body: To ask the Secretary of State for Foreign and Commonwealth Affairs how many directives under the social chapter are currently being prepared by the European Commission; and how many of these will be subject to unanimous decision. [6088]

Mr. Doug Henderson: The Commission have launched consultations with a view to possible legislation in two areas under the Social Agreement: rights to part-time workers, on which the European Social Partners have negotiated a framework agreement which may be translated into a directive; and arrangements for information and consultation of workers, on which the Commission recently published a consultation paper. The Voting procedure for directives on either of these issues would be Qualified Majority Voting.

European Parliament, Strasbourg

Sir Richard Body: To ask the Secretary of State for Foreign and Commonwealth Affairs what was the cost of maintaining the European Parliamentary presence in Strasbourg in 1996; and how much has been spent upgrading the buildings there and in Brussels. [6096]

Mr. Doug Henderson: There is no readily available break down of the complete cost of the EP presence in Strasbourg. Title 2 chapter 20 of Section 1 of the 1996 budget of the EU (*Official Journal*, volume 39 of 29 January 1996) gives details of investments in immovable property, rental of buildings and associated costs for the EP's Strasbourg site at a total cost of 23,836,078 ecu (£16,713,994). Title 2, Section 1, articles 204 and 209 of the 1996 budget and Title 2, Section 1 articles 204 and 209 of the 1997 budget (*Official Journal*, volume 40 of 14 February 1997) give details of costs of fitting-out of premises and other expenditure on buildings, in Brussels and Strasbourg, in 1996 and 1997 at a total cost of 21,371,000 ecu (£14,991,756).

European Monitoring Centre on Racism and Xenophobia

Sir Richard Body: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the activity of the European Monitoring Centre on Racism and Xenophobia. [6093]

Mr. Doug Henderson: We welcome the establishment of the European Monitoring Centre on Racism and Xenophobia. It will gather, and provide to the Community

and Member States, information on the phenomena of racism, xenophobia and anti-semitism. This information will be particularly in the fields of:

(a) free movement of persons;

(b) media and communication;

(c) education, vocational training, youth;

(d) social policy including employment;

(e) free movement of goods;

(f) culture.

Lomé Convention

Mr. Hoyle: To ask the Secretary of State for Foreign and Commonwealth Affairs what will be the United Kingdom's approach to the negotiations on a successor to the fourth Asian, Caribbean, Pacific/European Union Convention of Lomé. [6144]

Mr. Doug Henderson: The Lomé Convention is the main cooperation agreement between the Africa, Caribbean and Pacific (ACP) states, covering political dialogue, development assistance and preferential trade access for ACP goods to the EU. It is one of the mainstays of the UK's relations with the ACP states. We will play a leading role in formulating the EU's mandate for a successor to Lomé IV, especially during our Presidency in 1998. We will work for a coherent outcome which increases poverty focus and improves effectiveness, promotes an outward-looking EU and strengthen links with the Commonwealth, 38 of whose members belong to the ACP group.

China

Mr. Ben Chapman: To ask the Secretary of State for Foreign and Commonwealth Affairs what assessment he has made of the potential for development of United Kingdom relations with China after the handover of Hong Kong. [5718]

Mr. Tony Lloyd: We aim to build a new, broad and forward-looking relationship with China. We want Hong Kong to be a bridge not a barrier between us, but that will depend on China honouring its undertakings in the Joint Declaration. Britain and China have substantial common interests. We look forward to dialogue and cooperation across a full range of issues.

Council of the European Union

Dr. Naysmith: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the forthcoming business in the Council of the European Union for July; and if he will list the major EU events for the next six months. [6437]

Mr. Doug Henderson: Details are as follows.

MONTHLY FORECAST OF BUSINESS FOR JULY 1997

The following Councils are scheduled:

July 4–5: Labour and Social Affairs Council (Informal)

July 7: Ecofin Council

July 22–23: General Affairs Council

July 22–23: Agriculture Council

July 24: Budget Council

The following subjects are likely to be discussed:

July 4–5: Labour and Social Affairs Council (Informal)

No formal agenda.

July 7: ECOFIN Council

Approval of the agenda.

Approval of the list of A items.

Work Programme of Luxembourg Presidency: open debate.

Convergence Programme of Italy (possible item).

Follow-up to Amsterdam Council (possible item).

Technical characteristics of Euro coins.

Other Business:

Preparation of the ASEM/EU Finance Ministers' meeting;

Preparation of the EFTA/EU Finance Ministers' meeting.

July 22–23: General Affairs Council

Agenda not yet available.

July 22–23: Agriculture Council

EU/Third countries veterinary and phytosanitary equivalence agreements (possible item).

Hops (possible item).

Animal welfare (possible item).

BSE (possible item).

Set-aside rate for 1998 (possible item).

July 24: Budget Council

EU Budget for 1998.

This calendar is primarily concerned with European Union matters, but certain other relevant events are also included. Events and dates quoted are based on the information available on the date of issue.

European calendar: July to December 1997

	Venue	*Event*
July 1997		
1	—	Luxembourg Presidency begins
3	Luxembourg	Visit by Commission
4–5	Echternach	Labour and Social Affairs Council (Informal)
7	Brussels	Ecofin Council
10–11	Luxembourg	Political Committee
14–18	Strasbourg	European Parliament Plenary
22–23	Brussels	Agriculture Council
22–23	Brussels	General Affairs Council
24	Brussels	Budget Council
August 1997		
There are no events scheduled for August.		
September 1997		
4	Brussels	Political Committee
7–9	Echternach	Agriculture Council (Informal)
12–14	Mondorf	Ecofin Council (Informal)
15–16	Brussels	General Affairs Council
15–19	Strasbourg	European Parliament Plenary
22–25	New York	Political Committee
22–23	Brussels	Agriculture Council
29	Brussels	Political Committee (reserve date—tbc)

European calendar: July to December 1997

	Venue	*Event*
October 1997		
1–2	Brussels	European Parliament Plenary
2	Luxembourg	Telecommunications Council
3–4	Echternach	Internal Market Council (Informal)
6–7	Luxembourg	General Affairs Council
7	Luxembourg	Social Affairs Council
9	Luxembourg	Transport Council
9–10	Mondorf	Justice and Home Affairs Council (Informal)
10–11	Strasbourg	Council of Europe Summit
13	Luxembourg	Ecofin Council
16	Brussels	Political Committee
16	Luxembourg	Environment Council
16–17	Luxembourg	Possible European Council
20–21	Luxembourg	Political Committee
20–21	Luxembourg	Agriculture Council
20–24	Strasbourg	European Parliament Plenary
24–27	Edinburgh	CHOGM
25–26	Mondorf	Foreign Ministers (Informal)
30	Luxembourg	Fisheries Council
November 1997		
3	Brussels	Consumer Council
3	Brussels	Political Committee
5–6	Brussels	European Parliament Plenary
10	Brussels	Research Council
10	Brussels	General Affairs Council
13	Brussels	Industry Council
17	Brussels	Ecofin Council
17	Brussels	Political Committee
17–18	Brussels	Agriculture Council
17–21	Strasbourg	European Parliament Plenary
19	Brussels	Fisheries Council (tbc)
20	Brussels	Education Council
21	Brussels	Budget Council
24	Brussels	Culture Council
24–25	Brussels	General Affairs Council
27	Brussels	Internal Market Council
28	Brussels	Development Council
December 1997		
1	Brussels	Econfin Council
1	Brussels	Telecommunications Council
2	Brussels	Labour and Social Affairs Council
3–4	Brussels	European Parliament Plenary
4	Brussels	Health Council
4–5	Brussels	Justice and Home Affairs Council
8	Brussels	Energy Council
8–9	Brussels	General Affairs Council
10–11	Brussels	Transport Council
12–13	Luxembourg	European Council
15–16	Brussels	Agriculture Council
15–19	Strasbourg	European Parliament Plenary
16–17	Brussels	Environment Council
18–19	Copenhagen	OSCE Ministerial Council
18–19	Brussels	Fisheries Council

PRIME MINISTER

Welsh Assembly

Mr. Hogg: To ask the Prime Minister what steps he took to investigate the allegations made by the hon. Member for Blaenau Gwent (Mr. Smith) against the right hon. Member for Caerphilly. (Mr. Davies). [6260]

Mr. Baldry: To ask the Prime Minister what investigations he carried out and with whom he spoke prior to writing to the Leader of the Opposition on 26 June concerning matters relating to the hon. Member for Blaenau Gwent (Mr. Smith). [6261]

The Prime Minister: I have nothing to add to the replies I gave to the right hon. Member for Richmond, Yorks (Mr. Hague), on Wednesday 25 June, *Official Report*, columns *837-38*.

TRADE AND INDUSTRY

Mis-selling of Pensions

Mr. Cousins: To ask the President of the Board of Trade if she will review the charging to policyholder funds of the costs of mis-selling of pensions by insurance companies. [3304]

Mr. Nigel Griffiths *[holding answer 16 June 1997]:* The Department has been in regular contact with all life insurance companies on a number of issues arising from pensions mis-selling, including the attribution of costs.

In October 1994, in the light of SIB's publication of criteria and procedures for assessing whether compensation should be paid to individual pension policyholders, the Department made clear that each company would need to consider where the costs should fall on its funds; and indicated that, while the precise arrangements would vary according to the circumstances of each office, the Department considered the following general principles to be relevant:

(i) With profits funds which, in normal circumstances, stand to profit from the sale of pensions business can reasonably be expected to bear a corresponding share of the costs associated with that business.

However,

(ii) Compensation costs should not be regarded as a normal expense of the business for the purpose of assessing bonus rates; and

(iii) The Department would expect proprietary offices to consider whether it is appropriate that some part of the compensation cost be met from outside the long-term fund, to enable the reasonable expectations of policyholders to be fulfilled.

The overall objective of this guidance was to minimise the risk that the costs of compensation would have an adverse effect on the levels of bonus paid to policyholders.

The Insurance Companies Act 1982 gives the Secretary of State powers to intervene in individual companies' affairs, to protect policyholders against the risk that the company may be unable to meet its liabilities, or —in the case of life and pensions business—fulfil the reasonable expectation of policyholders. The Department stands ready to use these powers, though on current evidence it

believes that their use to impose a particular attribution of the costs of pensions mis-selling is likely to be justified only in exceptional cases.

Toys (Imports)

Mr. Paice: To ask the President of the Board of Trade if she intends to abandon the use of the CE mark as an indicator of the safety of imported toys. [5168]

Mr. Nigel Griffiths: The CE marking is not a European mark of safety or quality intended for consumers. Its purpose is to indicate to enforcement authorities that the toys bearing it are intended for sale in the European Community and signifies a declaration by the manufacturer or his authorised representative that the toys have been designed and manufactured in accordance with the requirements of the relevant European directives. All toys supplied in the United Kingdom, whether manufactured here or imported, must comply with the Toys (Safety) Regulations 1995 which implement the European requirements and trading standards officers have the necessary powers to remove non-complying toys from the market.

Defence Industry

Mr. Corbyn: To ask the President of the Board of Trade what estimate she has made of the annual cost to the Government of subsidies to the defence industry per person employed on defence-related work in each of the last three years. [4751]

Mr. Battle *[holding answer 23 June 1997]:* It is not possible to answer the question in the way posed because the Government do not provide subsidies to the defence industry. However, the Department and others, through our on-going sponsorship activities, support and encourage the competitiveness of the industry as it does to a whole range of sectors.

Accountancy Firms

Mr. Mitchell: To ask the President of the Board of Trade if she will assess the advantages of requiring auditors criticised in her Department's inspectors' reports to bear part of the costs. [4826]

Mr. Nigel Griffiths *[holding answer 25 June 1997]:* The role of Companies Act inspectors is to investigate rather than to perform a judicial function of apportioning blame. It would therefore not be possible to recover costs from any party criticised by Companies Act inspectors. Inspectors' reports can be and often are the basis of subsequent action by the Department or by other prosecutors and/or regulators. Under section 439(2) of the Companies Act 1985 a person who is convicted on a prosecution initiated as a result of the investigation may be ordered to pay all or some of the costs of that investigation.

Resort Hotels

Mr. Mitchell: To ask the President of the Board of Trade if she will investigate the affairs of the auditors of Resort Hotels and the recognised supervisory body which licensed and monitored the quality of audits. [4857]

Mr. Ian McCartney *[holding answer 25 June 1997]:* The regulation of auditors is a matter for their recognised supervisory body to whom any complaints should be made. The Department's powers of investigation are broadly directed towards limited liability companies and to persons carrying on investment business, rather than the affairs of auditors.

Insolvency Regulators

Mr. Mitchell: To ask the President of the Board of Trade if she will assess the advantages of replacing the present regulators of insolvency with a single independent regulator. [4823]

Mr. Nigel Griffiths *[holding answer 25 June 1997]:* As the hon. Member will be aware, a working party has been established to consider whether there are ways in which regulation of the insolvency profession might be made more effective in the public interest. The working party intends to issue a draft report by way of a consultation document in the autumn and will clearly welcome responses from all those with an interest in insolvency. I shall give careful consideration to any recommendations the working party may make in its final report.

Helene Clothing Company Inquiry

Mr. Mitchell: To ask the President of the Board of Trade when she expects to announce the result of her Department's inquiry into the affairs of the clothing company, Helene. [6060]

Mr. Nigel Griffiths: My Department does not discuss the affairs of individual companies.

Fraud

Mr. Mitchell: To ask the President of the Board of Trade if she will extend the requirement to detect and report fraud placed on local authority and bank auditors to other private sector auditors. [5973]

Mr. Ian McCartney: My right hon. Friend the President of the Board of Trade has no plans to do so.

Guidance on the rights and duties of auditors required to report to regulators in the financial sector was set out in the Auditing Practices Board's (APB) "Statement of Auditing Standards" (SAS) 620, issued in March 1994 and revised in March 1995. The APB has published two further SASs that clarify the rights and duties of auditors when reporting fraud or any other non-compliance with regulations. These are SAS 110: Fraud and Error and SAS 120: Consideration of Law and Regulations. Copies of these documents are available for inspection in the Library of the House.

Telecommunications

Sir Richard Body: To ask the President of the Board of Trade what is his Department's position towards a European Union universal service in telecommunications. [6106]

Mrs. Roche: The draft EC directive on the application of open network provision to voice telephony and on universal service for telecommunications is scheduled to come into force on 1 January 1998. The directive defines

universal service as a defined minimum set of services of specified quality which is available to all users independent of their geographical location and, in the light of specific national conditions, at an affordable price. The Government are keen to ensure that EC universal service obligations guarantee consumers a good quality service at an affordable price, whilst not imposing unreasonable burdens on new entrants to the EC telecommunications market.

Regulations

Mr. Letwin: To ask the President of the Board of Trade if she will list the regulations laid by her before the House since 1 May. [5997]

Mrs. Beckett *[holding answer 30 June 1997]:* My Department has laid one set of regulations—the British Coal Corporation (Change of Quorum) Regulations—which were laid on 26 June.

Ariane Mission

Mr. Dalyell: To ask the President of the Board of Trade what discussions she has had with the European Space Agency on the rescue of the Ariane 5 Cluster Mission of June 1996; and if she will make a statement. [4636]

Mr. Battle *[holding answer 30 June 1997]:* I took the opportunity of my visit to the Paris air show on 17 June to hold an introductory discussion with the senior management of the European Space Agency. I was very encouraged by the approach being taken by the agency in maintaining excellence in space research and development, while focusing on the competitiveness of European industry and increasing further the value the UK and other member states gain from their investment in ESA. I look forward to working with the new Director General of ESA, Mr. Rodota.

The failure of the first Ariane 5 launch in June 1996 was a severe blow to the European space community and to scientists, many of whom are in the UK, planning to work on data from the four Cluster satellites. I am therefore very pleased that ESA has been able to gain approval for a recovery mission in the year 2000, this time using a Soyuz launch.

ESA and its member states have also made a splendid effort in reorganising their space programmes to cover the cost of the launch failure. The successful launch of Ariane 502, now planned for September, will clearly be of the utmost importance for Europe's space capability.

CJD Litigation

Mr. Hinchliffe: To ask the President of the Board of Trade what estimate she has made of the legal costs incurred to date by the Treasury Solicitor on behalf of the Medical Research Council in respect of CJD litigation. [6083]

Mr. Battle: The total legal costs incurred to date by the Medical Research Council in relation to the litigation, including the costs of the Treasury Solicitor, amount to almost £49,000.

Industrial Pollution

Mr. Redwood: To ask the President of the Board of Trade (1) what assessment she has made of the risk of extra industrial pollution elsewhere in the world as a result of tighter emission controls in the United Kingdom; [5841]

(2) what assessment she has made of the impact of tighter controls on industrial emissions than elsewhere in the world on the numbers of *(a)* job losses, *(b)* factory closures and *(c)* bankruptcies in the United Kingdom. [5842]

Mr. Battle: In recognition of this risk, the UK seeks the greatest possible international participation in environmental agreements, both to maximise the potential environmental benefits and to minimise any risks to our competitiveness that might arise. Studies by the Organisation for Economic Co-operation and Development have not so far identified evidence of significant industrial migration to countries with lower environmental standards.

EDUCATION AND EMPLOYMENT

Teacher Training Recruitment

Mr. Don Foster: To ask the Secretary of State for Education and Employment if he will publish the advice on teacher training recruitment targets received by his Department from the Teacher Training Agency for 1995–96, 1996–97, 1997–98 and 1998–99; and if he will make a statement. [5700]

Ms Estelle Morris *[holding answer 27 June 1997]:* The targets are the responsibility of the Department. The TTA has not in the past been invited to submit advice to the Department on the whole range of issues involved, but on occasion we have discussed particular aspects—such as the necessary assumptions on course length and wastage—with Agency staff. The Select Committee on Education and Employment, in its sixth report, recommended that TTA be given a greater role in advising the Department on the staffing model and training targets and that its advice about them should be made public. The Government's response will be published shortly.

Unemployed Teachers

Dr. Kumar: To ask the Secretary of State for Education and Employment if he will make a statement on the availability of full-time posts for unemployed teachers in *(a)* the Northern region and *(b)* the Teesside area. [5964]

Ms Estelle Morris: The following table shows the number of full-time vacancies as at January 1997 in each Local Education Authority in the North East region. Teesside TEC area is covered by Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton on Tees.

	Total vacancies[1]
North-east Region[2]	73
Gateshead	10
Newcastle upon Tyne	6
North Tyneside	0
South Tyneside	0
Sunderland	17
Hartlepool	7
Middlesbrough	4
Redcar and Cleveland	8
Stockton on Tees	14
Durham	7
Northumberland	0

Source:
618g survey.
Notes:
[1] The total shown covers full-time vacancies in maintained nursery, primary, secondary and special schools.
[2] Government Office region.

Jobseeker's Allowance

Mr. Gordon Marsden: To ask the Secretary of State for Education and Employment how many and what percentage of people in Blackpool aged 17 to 25 years are currently claiming the jobseeker's allowance. [5945]

Mr. Alan Howarth: It is not possible to provide the precise information as requested but I can confirm that in April 1997 there were 1,283 people aged between 17 and 24 who were receiving JSA. It is not possible to give an unemployment rate for particular age groups. I can confirm that the unemployment rate for all age groups for the North West, based on May 1997 information, is 5.3 per cent.

Mr. Marsden: To ask the Secretary of State for Education and Employment if he will review the operation of the jobseeker's allowance with particular reference to the impact of the six-month rule on those seeking or involved in seasonal employment in the leisure and tourist industries. [5954]

Mr. Howarth: Our Welfare to Work objectives are to provide work incentives, to reduce poverty and welfare dependency and to strike a new balance between rights and responsibilities. A programme of monitoring and evaluation is under way to enable us to ensure that Jobseeker's Allowance contributes to achieving our objectives. In addition to this major evaluation exercise, we shall also keep the individual benefit rules under active consideration as we develop our plans.

Head Teachers

Mr. Gordon Marsden: To ask the Secretary of State for Education and Employment what plans he has to review the funding of the National Qualification for Head Teachers so as to take account of schools' financial ability to make contributions. [5950]

Mr. Byers: The Government is supporting candidates from LEA-maintained schools taking the National Professional Qualification for Headship with £4.5 million in 1997–98 through the Grants for Education Support and Training programme. This funding is allocated to LEAs on the basis of the number of schools in their area; central support for candidates is not dependent on the financial ability of their school to make contributions.

Primary Class Sizes

Sir Geoffrey Johnson Smith: To ask the Secretary of State for Education and Employment what are the *(a)* average and *(b)* maximum numbers of children in primary school classes in East Sussex. [5956]

Mr. Byers: The available information is shown in the following table.

The information in Table 2 puts into context the information on maximum class sizes in Table 1.

Table 1: Average and maximum class size taught by one teacher in maintained primary schools in the East Sussex Local Education Authority area in January 1997 (provisional estimates)

	Average class size	*Maximum size class*
East Sussex	28.2	36

Table 2: Numbers of classes and pupils by class size for classes taught by one teacher in maintained primary schools in the East Sussex Local Education Authority area in January 1997 (provisional estimates)

Size of class	*Number of classes*	*Number of pupils*
1–20	133	2,044
21–30	959	25,676
31–35	695	22,574
36–40	21	756
41 or more	0	0
Total	1,808	51,050

School Performance Targets

Mr. Gordon Marsden: To ask the Secretary of State for Education and Employment what plans he has to review the presentation of statistics for primary and secondary school performance to give greater prominence to the progress made over a three year period by the schools concerned. [5946]

Ms Estelle Morris: I announced on 25 June that the secondary school performance tables to be published this November will show schools performance over the last three years. Primary tables will be published locally by LEAs in January. LEAs will be able to publish information on school improvement alongside the core data. We are also working to include measures of value added in the performance tables of 1998 data.

Assisted Places Scheme

Mr. Clappison: To ask the Secretary of State for Education and Employment, pursuant to his oral answer, *Official Report,* column 965, to the hon. Member for Romsey (Mr. Colvin) of 26 June, by how much the

projected savings from the phasing out of the assisted places scheme fall short of the cost of reducing class sizes for five, six and seven-year-olds. [6241]

Mr. Byers: About £100 million will have been saved from the phasing out of the assisted places scheme by the year 2000, and annually thereafter the savings will be in excess of £100 million a year. That is adequate funding to fulfil our pledge to reduce class sizes for five, six and seven-year-olds by the end of this Parliament.

Wakefield Training and Enterprise Council

Mr. Hinchliffe: To ask the Secretary of State for Education and Employment what financial resources were made available to Wakefield Training and Enterprise Council in respect of the pit closure programme in Wakefield district; and what reports he has received on the use of those resources. [5051]

Dr. Howells: Over the last four years over £6 million has been made available to Wakefield Training and Enterprise Council (TEC) as part of the agreed "Coal Plan" to assist in areas affected by the closures of collieries. Of this over £4.5 million has been paid directly to the TEC, and the balance has been available to fund allowances to support unemployed adults attending additional Training for Work provision organised by the TEC. Other Government funding available to the TEC will also have benefited former mining areas. Wakefield TEC commissioned PRISM Research to undertake a full independent evaluation of its activities under Coal Plan Funding. The findings were published in a series of reports published in April and May 1997 and copies have been received by Government Office York and Humberside officials. Conclusions were generally positive.

Mr. Hinchliffe: To ask the Secretary of State for Education and Employment what steps he took to evaluate the record of Wakefield training and enterprise council, in working with relevant local bodies and the voluntary sector. [5052]

Dr. Howells: Wakefield TEC's record of working with local bodies has been formally evaluated within the context of the TEC Licensing process, and more generally within the TEC annual planning and contracting round. Wakefield TEC was awarded a Licence to run from three years from April 1995, and as part of this was found to be fully competent in its ability to work with local partners to develop and implement a shared agenda, which is a key element of the licensing process. The TEC annual re-contracting evaluation process covers all aspects of the TEC's capacity to work with partners. Wakefield TEC is a founder member of and plays a key role in the Wakefield Economic Alliance and also plays a key role in the Wakefield Partnership which includes representatives from the business, voluntary and education sectors.

Mr. Hinchliffe: To ask the Secretary of State for Education and Employment what was the annual budget for Wakefield training and enterprise council in the last year for which figures are available, provided by public funds; what additional training, education and employment placements were created as a result of this funding; and if he will make a statement. [5113]

Dr. Howells: Wakefield TEC's annual budget for 1996–97 was £8,602,358. A total of 3,643 young people/adults secured training placements as part of Youth Programmes (YP) and Training for Work (TFW) in 1996–97. Information is not available about the total number of employment placements, although all young people within the YP will undertake work experience, and work placements also form an integral part of TFW. There were 302 Modern Apprenticeship starts during 1996–97, and a total of 1,069 NVQs were gained by Youth Trainees (60 NVQs per 100 leavers). One thousand and forty two adults leaving TFW secured employment, resulting in Wakefield TEC achieving an average of 50 jobs per 100 leavers.

Training and Enterprise Councils

Mr. Hinchliffe: To ask the Secretary of State for Education and Employment what was the annual budget for Training and Enterprise Councils provided from public funds in the last year for which figures are available; and what quality audit mechanisms are employed to monitor their efficiency and value for money. [5112]

Dr. Howells: The budget provided by this Department for Training and Enterprise Councils in England in 1996–97 is provisionally estimated to be £1.2 billion.

A range of mechanisms are in place to monitor efficiency and promote value for money. Government Offices negotiate and monitor key performance targets. They also assess the effectiveness of each TEC's financial control environment to ensure public money is properly protected. In addition, the TEC Quality Assurance: Supplier Management (TQA: ASM) framework sets out the quality requirements which the Department places on TECs and which it requires TECs to make of their suppliers. The Department is also considering proposals to establish an inspectorate that would assess the quality of Government funded training provision.

Mr. Campbell-Savours: To ask the Secretary of State for Education and Employment what powers he has in relation to appointments to the boards of TECs. [5826]

Dr. Howells: The Government's contract with Training and Enterprise Councils (TECs) sets eligibility conditions that TEC directors must meet. However, TECs are private companies and the appointment of directors to TEC boards is determined by the members of the company acting in accordance with the company's Articles of Association. It is for each TEC to decide on its own membership in accordance with its contract with government and the TEC National Council's "Framework for local Accountability of TECs" which has as its first principle clarity and openness in the selection of well qualified and trained board members.

Research Assessment Exercise

Dr. Gibson: To ask the Secretary of State for Education and Employment what plans he has to review the research assessment exercise in higher education establishments. [6139]

Dr. Howells: None. The research assessment exercise is a matter for the higher education funding bodies, which are currently reviewing the conduct and outcome of the 1996 exercise. I understand that they intend to consult on future options in the light of any relevant

recommendations from the National Committee of Inquiry into Higher Education, which is expected to report shortly.

Museums

Mr. Garnier: To ask the Secretary of State for Education and Employment (1) if he will ensure that the Higher Education Funding Council's criteria for making funding awards to university museums are published; [6306]

(2) what proposals he has to co-ordinate policy with the Scottish Office and the Department of National Heritage with regard to the funding of university museums; and if he will make a statement; [6307]

(3) what proposals he has to review the criteria by which the Higher Education Funding Council allocates funds to university museums; [6310]

(4) if he will list the university museums which receive funds from the Higher Education Funding Council, stating in each case how much each museum has received in the last five financial years and how much it will receive in future financial years for which funding has been determined; [6316]

(5) if he will list the museums in England and Wales which receive non-formula funding from the Higher Education Council. [6318]

Dr. Howells: Most university museums are funded by their parent universities. In addition the Higher Education Funding Council for England (HEFCE) provides "non-formula funding" in support of a number of university museums of national importance. These are listed in HEFCE Circular 9/95, copies of which have been placed in the Library of the House.

The HEFCE reviewed its non-formula funding of museums in 1993 and 1994 and announced its decisions in March 1995. The criteria for funding were published in HEFCE Circulars 5/93, 46/93 and 9/95, copies of which have been placed in the Library of the House.

Circular 9/95 listed the amounts that each museum would receive in 1995–96 and announced the Council's decision that, on the recommendation of its Museums, Galleries and Collections Review Group, the distribution of non-formula funding in respect of university museums would not be reviewed for at least five years. Funding allocations in support of university museums before 1995–96 could be obtained only at disproportionate cost.

The Department for Education and Employment, the other Education Departments and the Department of National Heritage work together closely on policy for funding university museums. Funding of university museums in Scotland and Wales is the responsibility of the Secretaries of State for Scotland and for Wales respectively.

Social Costs and Employment

Mr. Pearson: To ask the Secretary of State for Education and Employment if he will publish his Department's response to the Education and Employment Committee's fourth report, on Social Costs and Employment (HC 130) of Session 1996–97. [6462]

Mr Alan Howarth: I welcome the Committee's report. The Department's response is being placed today in the Library.

CABINET OFFICE

Private Secretary

Mr. Baker: To ask the Minister without Portfolio what are the main duties and responsibilities of his private secretary; and if he will make a statement. [6169]

Mr. Mandelson: My private secretary supports me in carrying out my Ministerial responsibilities for contributing to and implementing Government policy and driving forward the Millennium Experience at Greenwich.

TREASURY

Stillbirths

Mr. Vaz: To ask the Chancellor of the Exchequer how many stillbirths there were in each region of the United Kingdom in 1996. [2158]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Mr Keith Vaz, dated 1 July 1997:

The Chancellor of the Exchequer has asked me to reply, as Director of the Office for National Statistics, to your question on the number of stillbirths in each region of the United Kingdom.

The information for health regions of England and Wales is available in ONS Monitor Series DH3 97/1: Infant and perinatal mortality 1996: Health authorities and regional offices. This publication is available in the House of Commons Library. Similar information for the health regions of Scotland and Northern Ireland is shown on the following table:

Numbers of stillbirths in Health Regions of Scotland, Northern Ireland 1996

	Number
Health Board Areas—Scotland	
Argyll and Clyde	33
Ayrshire and Arran	28
Borders	7
Dumfries and Galloway	13
Fife	26
Forth Valley	18
Grampian	42
Greater Glasgow	69
Highland	15
Lanarkshire	43
Lothian	51
Orkney	—
Shetland	1
Tayside	33
Western Isles	2
Health and Social Services Boards—Northern Ireland (Provisional)	
Eastern	59
Northern	32
Southern	30
Western	34

Source:
General Register Office Scotland.
General Register Office Northern Ireland.

Inland Revenue Chairman

Mr. Jack: To ask the Chancellor of the Exchequer who will be the next chairman of the Inland Revenue; and what criteria will be used to determine this appointment. [3366]

Dawn Primarolo: Mr. Nicholas Montagu CB has been appointed chairman of the Board of Inland Revenue. The criteria for selection were set out in the public advertisement for the post, a copy of which has been placed in the Members' Library.

Cross-border Shopping

Mr. Luff: To ask the Chancellor of the Exchequer what is his most recent estimate of the duty revenues lost as a result of cross-border shopping for, and smuggling of, *(a)* cigarettes, *(b)* hand rolling tobacco, *(c)* beer, *(d)* wine and *(e)* spirits. [3544]

Dawn Primarolo: Customs' latest estimate of excise duty revenues lost from legitimate cross-border shopping for duty paid alcohol and tobacco products is for the year ending 30 June 1996, and is given in table 1, and for smuggling is given in table 2.

Table 1: Revenue losses from cross-border shopping

£ million

Product type	*Excise duty*
Beer	25
Wine	75
Spirits	45
Tobacco products	55
Total	200

Figures have been independently rounded to £5 million. Figures assume that 50 per cent. of alcohol purchased is additional consumption. Customs have no separate estimates of the revenue losses for individual types of tobacco products.

Table 2: Revenue evaded through smuggling

£ million

Product type	*Excise duty*
Beer	75
Wine	35
Spirits	40
Hand-rolling tobacco	335
Cigarettes and other tobacco products	110
Total	590

Figures have been independently rounded to £5 million. Components may not therefore sum to the totals given.

VAT (Fuel)

Mr. Streeter: To ask the Chancellor of the Exchequer if he will estimate the VAT income which would accrue from VAT on fuel at *(a)* 5 per cent., *(b)* 7½ per cent., *(c)* 10 per cent. and *(d)* 12½ per cent., and the cost of the subsidy to retirement pensioners and other vulnerable groups at those levels. [3510]

Dawn Primarolo: The estimated full-year cost, in 1997–98, of reducing VAT on domestic fuel and power from 8 per cent. to 5 per cent. is around £450 million; estimates for the other options can be approximated pro rata.

Fuel (VAT)

Dr. Kumar: To ask the Chancellor of the Exchequer if he will estimate the reduction in the total annual amount of VAT on fuel paid by pensioners in the constituency of Middlesbrough, South and East Cleveland as a result of the proposed reduction in the rate of VAT to 5 per cent. [5563]

Dawn Primarolo: Information on household consumption of fuel and power is not available at constituency level. The average household would save £18 per year from a reduction in VAT on domestic fuel and power from 8 per cent. to 5 per cent., pensioners will benefit most in proportion to income.

Stamp Duty

Mr. Gibb: To ask the Chancellor of the Exchequer what stamp duty is on share transactions in *(a)* Germany, *(b)* France and *(c)* The United Kingdom; and what assessment he has made of the impact of differential stamp duties on share transactions on the competitiveness of the City of London. [3624]

Dawn Primarolo: UK stamp duty on share transfers is generally charged at 0.5 per cent. In certain circumstances—for example, a transfer of shares into a depositary receipt scheme—the rate of duty is 1.5 per cent.

In France a stock exchange turnover tax is charged on both purchases and sales of shares. The tax is charged at 0.3 per cent. of the price up to FF 1 million, and 0.15 per cent., on any excess of over FF 21 million. The amount of tax is then reduced by FF 150. The maximum tax on a transaction is FF 4,000. There is also a 1 per cent. registration tax on deeds relating to the transfer of company shares, up to a FF 20,000 maximum.

There is no share transfer tax in Germany.

Stamp duties on share transactions do not affect the competitiveness of the City of London.

Mr. Boswell: To ask the Chancellor of the Exchequer if he will list the number of assessments and the revenue derived from stamp duty on property transactions in each band of £5,000 between £60,000 and £100,000 in the latest convenient year. [3444]

Dawn Primarolo: Estimates for 1995–96 are as follows:

Price of transactions	*Number of property transactions (thousands)*	*Value of stamp duty (£ million)*
£60,000 to under £65,000	50	30
£65,000 to under £70,000	55	35
£70,000 to under £75,000	45	30
£75,000 to under £80,000	40	30
£80,000 to under £85,000	35	25
£85,000 to under £90,000	30	25
£90,000 to under £95,000	25	20
£95,000 to under £100,000	20	20
Total[1]	295	225

[1] Totals may not be the sum of the figures shown because of rounding.

Mr. Boswell: To ask the Chancellor of the Exchequer what the yield of stamp duty reserve tax has been in each tax year since its inception. [3448]

Dawn Primarolo: The figures are as follows:

	Stamp duty reserve tax receipts (£ million)
1986–87	44.2
1987–88	103.9
1988–89	64.2
1989–90	82.2
1990–91	73.4
1991–92	100.5
1992–93	48.0
1993–94	59.5
1994–95	42.4
1995–96	44.7
1996–97[1]	310.0

[1] Provisional.

The sharp rise in 1996–97 reflects the switch to electronic share transfers following the introduction of the CREST system and the consequent rise in transactions liable to stamp duty reserve tax rather than to stamp duty.

Mr. Peter Bottomley: To ask the Chancellor of the Exchequer how much stamp duty payable on house purchases was received from sales *(a)* at or above £200,000 and *(b)* at or above £375,000 in each of the last five years. [3774]

Dawn Primarolo *[holding answer 20 June 1997]:* Available estimates are as follows:

Stamp duty on residential property transactions[1]

(£ million)

	(a) At or above £200,000	*(b) At or above £375,000*
1991–92	85	30
1992–93	50	25
1993–94	85	30
1994–95	95	35
1995–96	90	30

[1] Figures exclude non-residential transactions which are also liable to stamp duty.

Taxation and Duty

Mr. Luff: To ask the Chancellor of the Exchequer if he will list on a comparable basis the levels of taxation and duty on *(a)* petrol, *(b)* cigarettes and *(c)* beer in each of the EU member states. [3550]

Dawn Primarolo: The information requested for petrol and beer is given in the table.

	Leaded petrol		*Unleaded petrol*		*Beer at 4 per cent. abv*	
	Excise duty (pence per litre)	*VAT (per cent.)*	*Excise duty (pence per litre)*	*VAT (per cent.)*	*Excise duty (£ sterling per hectolitre)*	*VAT (per cent.)*
Austria	n/a	20.00	29.73	20.00	11.94	20.00
Belgium	40.57	21.00	36.69	21.00	14.09	21.00
Denmark	n/a	25.00	31.94	25.00	28.34	25.00
Finland	n/a	22.00	38.45	22.00	95.31	22.00
France	44.15	20.60	41.18	20.60	8.44	20.60
Germany	39.63	15.00	35.96	15.00	6.44	15.00
Greece	28.79	18.00	25.05	18.00	10.22	18.00
Ireland	32.77	21.00	29.22	21.00	64.14	21.00
Italy	40.88	19.00	37.60	19.00	11.35	10.00
Luxembourg	28.66	15.00	24.92	12.00	6.52	15.00
Netherlands	42.43	17.50	37.77	17.50	13.17	17.50
Portugal	35.90	17.00	33.41	17.00	9.28	17.00
Spain	33.42	16.00	25.74	16.00	6.36	16.00
Sweden	n/a	25.00	34.72	25.00	55.96	25.00
UK	41.68	17.50	36.86	17.5	43.28	17.50

Comparable figures for cigarettes are not available.

Private Health Insurance

Mr. Waterson: To ask the Chancellor of the Exchequer what percentage of taxpayers currently claiming tax relief for private medical insurance are over retirement age. [3628]

Dawn Primarolo: In 1994–95, the latest year for which information is available, it is estimated that about three-quarters of the individuals covered by private medical insurance contracts on which tax relief is claimed are over retirement age, that is, men aged 65 or over or women aged 60 or over.

Mr. Gibb: To ask the Chancellor of the Exchequer how many people currently benefit from tax relief on medical insurance. [3520]

Mr. Waterson: To ask the Chancellor of the Exchequer how many tax payers are currently claiming tax relief in respect of private medical insurance. [3629]

Dawn Primarolo: I refer the hon. Member to the answer given to the hon. Member for East Ham (Mr. Timms) on 13 March 1997, *Official Report*, column *322*.

Single Currency

Mrs. May: To ask the Chancellor of the Exchequer what consultations have been undertaken by Treasury Ministers and officials with the banking and retail industries, and the accountancy profession, on the preparations for the introduction of a single currency. [3530]

Mrs. Liddell: Treasury Ministers and officials meet regularly with representatives of the banking, retail and accounting sectors to discuss a wide range of issues.

The Bank of England has been involved in consultations with the financial sector on a number of issues surrounding the implications of the introduction of a European single currency. The Bank provides information, primarily targeted at the financial sector, through the publication of a quarterly bulletin entitled "The Practical Issues Arising from the Introduction of the Euro".

Mrs. May: To ask the Chancellor of the Exchequer what assessment his Department has made of the cost to the Government of the introduction of a European single currency. [3539]

Mrs. Liddell: The Government will assess the implications of EMU for jobs, investment and growth in the United Kingdom. In making that assessment, the cost to Government of joining EMU is one of many aspects which will be taken into account.

Demand Elasticity

Mr. Luff: To ask the Chancellor of the Exchequer what estimate his Department has made of the elasticity of demand for *(a)* unleaded petrol, *(b)* cigarettes, and *(c)* beer. [3545]

Dawn Primarolo: The estimated own price elasticities, based on a computer model produced by the Institute of Fiscal Studies, are –0.272, –0.201, and –0.963 for petrol, tobacco and beer respectively.

Mortgage Interest Relief

Mr. Heald: To ask the Chancellor of the Exchequer what are the estimated reductions in weekly household income in each household income decile group which would result from the withdrawal of mortgage interest relief. [3562]

Dawn Primarolo: Information for 1997–98 is given in the table. The estimates are based on information projected from the 1994–95 family expenditure survey and are therefore provisional.

Average weekly reduction in households income[1] as a result of withdrawing mortgage interest relief

Household income decile group	*Average weekly reduction for households with a mortgage* £
Lowest ten per cent.	—
Second	1.30
Third	2.30
Fourth	3.70
Fifth	4.50
Sixth	4.60
Seventh	4.90
Eighth	5.00
Ninth	5.00
Highest ten per cent.	5.20

[1] Household income is defined as income from all sources less income tax payments and National Insurance contributions.

[2] Insufficient data to provide a reliable estimate.

VAT (Fuel)

Mr. Streeter: To ask the Chancellor of the Exchequer if he will assess the impact on retirement pensioners of reducing VAT on fuel to 5 per cent. [3552]

Dawn Primarolo: The average household would save £18 per year from a reduction in VAT on domestic fuel and power from 8 per cent. to 5 per cent., pensioners will benefit most in proportion to income.

Mr. Ruffley: To ask the Chancellor of the Exchequer what will be the financial impact on the average household of a reduction in the rate of VAT levied on domestic fuel to 5 per cent. [3682]

Dawn Primarolo: The average household would benefit by £18 per year from a reduction in VAT on domestic fuel and power from 8 per cent. to 5 per cent.

Inland Revenue Offices

Mr. Luff: To ask the Chancellor of the Exchequer what plans he has to review the network of Inland Revenue offices; and if he will make a statement. [3548]

Dawn Primarolo: The Inland Revenue has now completed four years of its 10 year programme to restructure its network of local offices. Ministers together with the Board of Inland Revenue are currently considering how to take the programme forward.

Mr. Harvey: To ask the Chancellor of the Exchequer what are the terms of the leases of Inland Revenue offices which are undergoing closure; and what penalty clauses will apply if the new office structure plan goes ahead. [4903]

Dawn Primarolo: The Inland Revenue has offices in hundreds of buildings throughout the United Kingdom. Some buildings are Crown property, others are leasehold and the terms of each occupation are the subject of separate negotiation and agreement. The costs, including any penalties for vacating premises ahead of lease breaks are always fully taken into account as part of the overall appraisal.

Mr. Harvey: To ask the Chancellor of the Exchequer when the conclusions of the new office structure plan phase 3 for Inland Revenue offices will be published; and if he will make a statement. [4904]

Dawn Primarolo: The Inland Revenue has embarked on a major programme of change which includes restructuring its local office network over a number of years. The restructuring programme, which is scheduled to take 10 years to complete, is now in its fifth year. Ministers are currently considering with the Board of the Inland Revenue how to take the programme forward.

Mr. Harvey: To ask the Chancellor of the Exchequer how many Inland Revenue offices have been refurbished; and what has been the total cost to public funds under the inland Revenue new office structure plan of the *(a)* closure and *(b)* transfer of offices. [4907]

Dawn Primarolo: The Inland Revenue's programme to restructure its network of local offices was designed to be implemented in three stages from January 1993 to around 2002. When implementation of the second stage is completed during 1998, some 167 new-style offices will have replaced 387 old-style offices. The total cost of

setting up these 167 new-style offices, all of which will be in new or refurbished accommodation, will be £107 million. Set against these costs, the programme will have delivered running cost savings reaching £35 million per annum in 1997–98 rising to about £50 million per annum by 2002.

Mr. Harvey: To ask the Chancellor of the Exchequer if he will list the savings and costs identified under the Inland Revenue new office structure plan phase 3 in respect of the *(a)* Penzance, *(b)* Launceston, *(c)* Barnstaple and Bideford, *(d)* Truro, *(e)* Torquay, Newton Abbot and Paignton, *(f)* Wells, *(g)* Frome and *(h)* Bridgewater offices; and if he will list the criteria used in each office to identify costs and savings. [4906]

Dawn Primarolo: The Inland Revenue has embarked on a major programme of change which includes restructuring its local office network over a number of years. The restructuring programme, which is scheduled to take 10 years to complete, is now in its fifth year. Ministers are currently considering with the Board of Inland Revenue how to take the programme forward. A full investment appraisal in accordance with normal Treasury rules will be required before detailed individual proposals can be considered for approval.

Mr. Harvey: To ask the Chancellor of the Exchequer if the proposals contained in the new office structure plan phase 3 currently before the Board of Inland Revenue can proceed in instances where changes produce negative savings. [4905]

Dawn Primarolo: The Inland Revenue has embarked on a major programme of change which includes restructuring its local office network over a number of years. The programme, which is scheduled to take 10 years to complete, is now in its fifth year. At the outset, the Board of Inland Revenue agreed with Ministers that the overall programme should deliver a high rate of financial return.

Tax Offices

Mr. Jack: To ask the Chancellor of the Exchequer if he will list the Inland Revenue tax offices which are currently the subject of consideration for closure under the New Office Structure Review No.3. [3372]

Dawn Primarolo: Since 1993, the Inland Revenue has been carrying out a 10-year programme to reorganise its whole network of local offices. I have now asked the Revenue to review all of the proposed reorganisations which would result in closure of the only local office.

Mr. Jack: To ask the Chancellor of the Exchequer if he will list the names of right hon. and hon. Members who have made written, oral or personal representations to his Department in the last 12 months about tax offices which are included in the New Office Structure Review No. 3. [3371]

Dawn Primarolo: Since 1993, the Inland Revenue has been carrying out a 10-year programme to reorganise its whole network of local offices. Firm plans exist for the period up to mid 1998 and proposals for the remaining period are currently being considered by the Board of Inland Revenue. A large number of Members made representations in the present Session and in 1996–97 regarding offices which will be included in the final stage of the reorganisation programme.

Drug Imports

Mr. Luff: To ask the Chancellor of the Exchequer what plans he has to increase the numbers of customs officers directly engaged in duties relating to the import of drugs. [3546]

Dawn Primarolo: There are no plans to increase the number of customs officers directly engaged in duties relating to the smuggling of illicit drugs.

Industrial Investment

Mr. Norman: To ask the Chancellor of the Exchequer if he will make a statement on the impact of the most recent reduction in capital allowances on the level of investment by industry. [3704]

Dawn Primarolo: It is too early to judge the impact of the legislation on investment.

Company Cars

Mr. Norman: To ask the Chancellor of the Exchequer what is the estimated loss of tax revenue resulting from the special treatment of company cars. [3702]

Dawn Primarolo: No estimates of revenue effects can be made without details of what is meant by their special treatment.

Tax Receipts

Mr. Jack: To ask the Chancellor of the Exchequer if he has received from the Inland Revenue revised estimates for tax receipts for 1997–98 taking into account the higher than forecast tax receipts for 1996–97. [3362]

Dawn Primarolo: Yes, the next published forecast will be on 2 July in the "Financial Statement and Budget Report."

Self-assessment

Mr. Boswell: To ask the Chancellor of the Exchequer what the cost has been of Inland Revenue publicity in support of the move to self-assessment. [3440]

Dawn Primarolo: Since the launch of the self assessment public information programme in June 1995 about £15,000,000 has been spent informing taxpayers of the changes.

VAT (Holidays)

Mr. Prior: To ask the Chancellor of the Exchequer if he will estimate the cost to public funds of reducing VAT on domestic holidays to the level in France. [3556]

Dawn Primarolo: No figures on the revenue generated from VAT on domestic holidays are currently available.

Company and Shareholder Taxation

Mr. Gibb: To ask the Chancellor of the Exchequer what plans the Government have to abolish the imputation system of company and shareholder taxation. [3625]

Dawn Primarolo: It would not be appropriate for me to comment at this stage.

VAT

Mr. Norman: To ask the Chancellor of the Exchequer what is his policy on extending the scope of VAT to *(a)* new housing and *(b)* fares for international travel. [3701]

Dawn Primarolo: It is not possible to comment on tax matters in advance of the Budget.

Mr. Sanders: To ask the Chancellor of the Exchequer what criteria determine which items of play equipment, fixtures and fittings purchased for the use of children with special needs are exempted from VAT. [5587]

Dawn Primarolo *[holding answer 30 June 1997]:* There is no general provision for VAT relief on play equipment, fixtures and fittings used by children with special needs. Equipment, including play equipment, fixtures and fittings, is zero-rated if it has been designed solely for use by chronically sick or disabled people including children, provided that it is supplied to such people, charities, serving their needs, and certain other eligible bodies which pay for the goods wholly from charitable funds or with voluntary contributions.

Excise Duty

Mr. Boswell: To ask the Chancellor of the Exchequer what proportion of each excise duty, other than VAT, is payable by businesses and is recoverable as a business cost. [3447]

Dawn Primarolo: Excise duties are not normally recoverable by businesses. The exceptions include when goods on which duty has been paid are exported or returned to the manufacturer, for example because they are contaminated. In addition businesses may receive duty paid goods, principally hydrocarbon oils, which are relieved of duty when used for eligible purposes and on which a refund of duty can be claimed.

Mergers

Mr. Quentin Davies: To ask the Chancellor of the Exchequer what assessment he has made of the advantages of merging the Inland Revenue, the Customs and Excise and the Contributions Agency; and if he will make a statement. [3532]

Dawn Primarolo: A programme of closer working between Customs and Excise, Inland Revenue and the Contributions Agency has been developed since 1994. We intend to develop further this programme in support of Government objectives.

Corporate Groups

Mr. Gibb: To ask the Chancellor of the Exchequer if he will make a statement on the Government's policy with regard to spend to save initiatives in respect of large corporate groups. [3623]

Dawn Primarolo: The spend to save initiatives being implemented by Inland Revenue and Customs and Excise include a range of measures for improving compliance, covering both large corporate taxpayers and other taxpayers.

Political Appointees

Mr. Green: To ask the Chancellor of the Exchequer (1) what has been the additional cost resulting from the increase in the numbers of political advisers since 1 May; [3318]

(2) what has been the additional cost resulting from the increase in size of the Prime Minister's Policy Unit since 1 May. [3319]

Mrs. Liddell: I refer the hon. Member to the reply which the Prime Minister gave yesterday to the hon. Member for Harborough (Mr. Garnier), *Official Report*, column *25*.

Customs and Excise

Mr. Jack: To ask the Chancellor of the Exchequer, pursuant to his answer of 3 June, *Official Report*, column *146*, if he will make a statement setting out how closer working between Customs and Excise and the Inland Revenue will be developed; and what are the manpower and financial implications of each of these proposals. [3332]

Dawn Primarolo: The closer working programme has been continually developed since its introduction. Where initiatives have manpower or financial implications these are being contained within existing spending plans.

Policy Making

Mr. Dafis: To ask the Chancellor of the Exchequer what mechanisms he will put in place to ensure that environmental sustainability considerations are taken into account in the policy-making process within his Department. [3853]

Dawn Primarolo: Our manifesto stated, "We will put concern for the environment at the heart of policy-making, so that it is not an add-on extra, but informs the whole of government." Like other departments, the Treasury is committed to delivering that commitment. I shall, as the Minister with the lead on environment issues for the Treasury, be taking a close interest in ensuring that we do so.

Discretionary Trusts

Mr. Faber: To ask the Chancellor of the Exchequer (1) how many discretionary trusts benefiting minors are in operation; [4029]

(2) what is the value of *(a)* the highest and *(b)* the lowest decile of discretionary trusts benefiting minors. [4028]

Dawn Primarolo: The information requested is not available.

National Audit Office

Mr. Tyrie: To ask the Chancellor of the Exchequer if he will request the NAO to provide an annual report to the Committee of Public Accounts on their review of the assumptions behind the economic forecast. [4186]

Dawn Primarolo: The Comptroller and Auditor General, as Head of the NAO, was asked to review the key assumptions and conventions for projecting the public finances. His report was published as a Command Paper on Thursday 19 June. Copies of the report are available

from the Vote Office. The Government intend that, in future Budgets, there will be a continuing role for the NAO in auditing the process of forecasting the public finances.

Mr. Tyrie: To ask the Chancellor of the Exchequer if he will list the assumptions behind the economic forecast which will be submitted to the NAO for review. [4185]

Dawn Primarolo: The NAO was asked to review the following assumptions and conventions for projecting the public finances:

Credit will only be taken for privatisation proceeds from sales that have already been announced.

The estimate of savings generated by the "Spend to Save" programme announced in the November 1996 Budget will be limited to the direct effects of the measures, and will exclude indirect impacts such as the deterrent effect of the programme.

The assumed underlying rate of growth of the economy will be 2¼ per cent. per year.

A flat planning assumption for unemployment will be used rather than forecasts of actual unemployment.

Assumptions for the level of interest rates will be derived from expectations in financial markets.

The NAO report was published as a Command Paper on Thursday 19 June. Copies of the report are available from the Vote Office.

Windfall Tax

Mr. Gibb: To ask the Chancellor of the Exchequer, pursuant to his oral answer of 12 June, *Official Report*, columns 1261–62, if the Treasury will account for revenue accruing from the windfall tax on a deferred income basis spread over the whole Parliament. [4073]

Mr. Geoffrey Robinson: The Chancellor of the Exchequer will announce details of the windfall tax in his Budget Statement.

Travel Insurance

Mr. Fearn: To ask the Chancellor of the Exchequer if he will make a statement on the current rate of tax levied on travel insurance sold by *(a)* a bank, *(b)* a newsagent and *(c)* a travel agent. [4594]

Dawn Primarolo: Under provisions introduced in the last Budget, with effect from 1 April 1997 travel insurance sold by a travel agent is subject to insurance premium tax (IPT) at a rate of 17.5 per cent. Travel insurance sold by a bank or newsagent is normally liable to IPT at a rate of 4 per cent.

Duty Free Shopping

Mr. Jack: To ask the Chancellor of the Exchequer what is his policy towards the European Commission's proposal to end duty free shopping and if he will make a statement. [4061]

Dawn Primarolo *[holding answer 19 June 1997]:* The Government have no objection to looking at the impact of the end of the regime. But the legal commitment is to abolish duty free shopping for intra EU travel by 30 June 1999.

Cot Deaths

Mr. Fearn: To ask the Chancellor of the Exchequer what was the rate of cot deaths in England and Wales in (i) 1994, (i) 1995 and (iii) 1996. [5959]

Mrs Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Mr. Ronnie Fearn, dated 1 July 1997:

The Chancellor of the Exchequer has asked me to reply, as Director of the Office for National Statistics (ONS), to your recent parliamentary question on the rate of cot deaths in England and Wales.

The information for 1994 and 1995 is available in ONS Monitor Series DH3 96/2 Sudden infant deaths, 1991–1995. This publication is available in the House of Commons Library. Information for 1996 will be published in August 1997.

Departmental Advisers

Mr. Alan Simpson: To ask the Chancellor of the Exchequer if he will list each person advising or assisting his Department who has *(a)* membership of and *(b)* involvement in (i) the European Round Table of industrialists, (ii) the European Centre for Infrastructure Studies, (iii) the Competitiveness Advisory Group, (iv) Transatlantic Business Dialogue, (v) the Association for the Monetary Union of Europe, (vi) Union of Industrial and Employers Confederations of Europe, (vii) Europa Bio and (viii) the World Business Council for Sustainable Development. [5308]

Mrs. Liddell: I am advised that no civil servant or special adviser in the Chancellor's Departments is either a member of, or directly involved in, any of these bodies. Treasury Ministers and officials do, however, have contacts with many different organisations, including some of those listed, in the course of their work. It would be impracticable to maintain a database of all the organisations and individuals with whom contact is maintained.

Green Taxes

Mr. Martyn Jones: To ask the Chancellor of the Exchequer if the Tax-benefit Working Group's remit covers the job-creating potential of green tax reform; and if he will make a statement. [5160]

Dawn Primarolo: The role of green taxes is not within the remit of the task force on tax and benefits. The task force will concentrate on streamlining and modernising the tax and benefits systems so as to promote work incentives, reduce poverty and welfare dependency, and strengthen community and family life.

Disabled People (Computer Equipment)

Mr. David Atkinson: To ask the Chancellor of the Exchequer if he will make a statement on current relief from VAT on computer equipment supplied to disabled people. [4377]

Dawn Primarolo: VAT is not chargeable on the cost of adapting computer equipment so that it is easier for a disabled person to use, nor on items of equipment and software specifically designed for the disabled—for example, Braille embossers.

Married Couples (Taxation)

Mr. Leigh: To ask the Chancellor of the Exchequer (1) pursuant to his answer to the hon. Member for Rotherham (Mr. MacShane) of 2 June, *Official Report*, column *89*, if the report to be prepared by the Inland Revenue into the tax and benefits system will consider alternative means for the taxation of married couples; [4813]

(2) pursuant to his answer to the hon. Member for Rotherham of 2 June, *Official Report*, column *89*, if he will make it his policy not to take decisions on the future of the married couple's allowance until the review has been completed. [4801]

Dawn Primarolo: Martin Taylor is leading the task force on tax and benefits. He will no doubt consider whatever options can streamline and modernise the systems and so promote work incentives, reduce poverty and welfare dependency, and strengthen community and family life. The Government's policy is to take decisions which will achieve those objectives.

Holidaymakers (Purchases Abroad)

Mrs. Dunwoody: To ask the Chancellor of the Exchequer what estimate he has made of the effect on the United Kingdom economy of holidaymakers purchasing goods duty paid abroad. [4452]

Dawn Primarolo: Customs' latest estimate of the retail value of alcohol and tobacco products purchased duty paid in other EU member states for personal importation into the United Kingdom is given in the table. The figures shown are for the year ending 30 June 1996.

Legitimate cross-border shopping

£ million

Product type	*Retail value*
Beer	175
Wine	450
Spirits	185
Tobacco products	95
Total	905

Figures have been independently rounded to £5 million. Components may not therefore sum to the totals given.

Customs have no estimate of the value of other goods purchased duty-paid by UK residents abroad.

Tobacco Taxes

Mr. Barron: To ask the Chancellor of the Exchequer how much revenue was raised from each of the taxes payable on each category of tobacco product in the last year for which figures are available. [4506]

Dawn Primarolo: The amounts raised from excise duty and VAT are as shown for the financial year 1995–96.

£ million

	Duty	*VAT*
Cigarettes	6,883	1,570
Cigars	131{*B}	
Hand-rolling tobacco	225{*B}	140
Other smoking and chewing tobacco	52{*B}	

Value added tax has been estimated from Office for National Statistics figures for consumers' expenditure on tobacco.

VAT (Plants)

Mr. Fearn: To ask the Chancellor of the Exchequer what plans he has to bring the VAT charged on flowering and pot plants into line with European Union norms. [5596]

Dawn Primarolo: I have no plans to change the rate of VAT charged on flowering and pot plants. The rate of VAT charged on these goods varies significantly across the European Community.

Firearms

Mr. Colvin: To ask the Chancellor of the Exchequer if payments made by the Government to firearms dealers under *(a)* the Firearms (Amendment) Act 1997 Compensation Scheme and *(b)* the ex gratia compensation scheme for small calibre pistols are subject to VAT. [5829]

Dawn Primarolo: Yes. If the dealer is registered for VAT the surrender of pistols against a payment of compensation is a taxable supply for VAT purposes.

Fuel Duty (Rural Areas)

Mr. Wigley: To ask the Chancellor of the Exchequer if he will have particular regard in considering any increase in duty on petrol and diesel to the impact of such measures on rural areas with low income levels and lacking public rail and road transport; and if he will make a statement. [5837]

Dawn Primarolo *[holding answer 27 June 1997]:* Matters such as these will be taken into account in reaching Budget decisions.

Interest Rates

Mr. Mitchell: To ask the Chancellor of the Exchequer, pursuant to his answer of 24 June, *Official Report*, columns *455–56* on interest rates, if he will set out the basis of his calculations and the assumptions on which his measures of real rates were based. [6063]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Mr. Austin Mitchell, dated 1 July 1997:

The Chancellor of the Exchequer has asked me to reply as the Director of the Office for National Statistics to your further question (6053) on interest rates following the answer which I gave on 24 June (at columns 455–6).

The original table provided was regretfully incorrect due to miscalculation. I now attach a table providing the corrected nominal and real interest rates which I hope rectifies any confusion ONS caused.

As stated in my original letter, the real rate of interest is calculated as the nominal rate of interest adjusted by removing the growth in inflation over the 12 month period. The basis of the calculation is the base interest rate of retail banks adjusted for the change in the retail price index excluding mortgage interest payments.

The annual rate of interest is a weighted average of the retail banks' base rate over the year. The weights are the number of days a particular interest rate is in operation.

Real interest rates are calculated by adjusting the annual nominal rates by the change in the rate of inflation over the previous year (refer to footnote). The Bank of England also calculate real interest rates, but use indicators of future inflation rather than recorded price changes in the previous year. Latest movements are detailed in their *Inflation Report.*

Once again I apologise for the inconvenience this error has caused you.

	RPI: Percentage change over 12 months		
	Nominal interest rate	*All items excluding mortgage interest payments*	*[1]Real interest rate*
1970	7.2	6.4	0.8
1971	5.9	9.4	–3.2
1972	6.0	7.1	–1.1
1973	9.9	9.2	0.6
1974	12.3	16.0	–3.2
1975	10.4	24.2	–11.1
1976	11.1	16.7	–4.8
1977	8.9	15.9	–6.0
1978	9.1	8.6	0.5
1979	13.7	12.6	1.0
1980	16.3	16.9	–0.5
1981	13.3	12.2	0.9
1982	11.9	8.5	3.2
1983	9.8	5.2	4.4
1984	9.7	4.5	5.0
1985	12.2	5.2	6.7
1986	10.9	3.6	7.0
1987	9.7	3.7	5.8
1988	10.1	4.6	5.3
1989	13.8	5.9	7.5
1990	14.8	8.1	6.2
1991	11.7	6.7	4.7
1992	9.6	4.7	4.6
1993	6.0	3.0	2.9
1994	5.5	2.3	3.1
1995	6.7	2.9	3.7
1996	6.0	3.0	2.9

[1] The real interest rate = (((1+i_t) / (1+r_t)) –1) * 100
where
i_t = the nominal rate of interest in year t (Column 1/100)
r_t = the annual percentage change in retail prices excluding mortgage interest payments (RPIX) between year t–1 and year t (Column 2/100).

Beer (Illegal Imports)

Ms Jenny Jones: To ask the Chancellor of the Exchequer if he will make a statement on the loss of income to the Exchequer from illegally imported beer. [6236]

Dawn Primarolo: Customs and Excise estimate that the total revenue (excise duty plus VAT) evaded through smuggling of beer into the UK, excluding any amounts for commercial fraud, is some £110 million per annum.

Customs and Excise (Expenditure)

Mrs. Ann Winterton: To ask the Chancellor of the Exchequer what has been the expenditure of HM Customs and Excise in each of the last five years for which figures are available on preventing imports of child pornography and associated intelligence. [5450]

Dawn Primarolo *[holding answer 30 June 1997]:* Customs do not hold statistics on expenditure directly related to preventing imports of child pornography and associated intelligence. Child pornography is one of the highest priorities for Customs work in protecting society.

Treasury Economic Brief

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer if he will publish the Treasury weekly economic brief. [6001]

Mrs. Liddell *[holding answer 30 June 1997]:* The Treasury is currently considering whether to make a wider range of briefing on the economy and the Government's economic policies available on its Internet site, including material from the Treasury weekly economic brief.

Windfall Tax

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer if, at the time of the Budget Statement, he will release details of the Treasury analysis of the likely effect of a windfall tax on utility prices, investment levels, share values and employment. [5980]

Mr Geoffrey Robinson *[holding answer 30 June 1997]:* The Chancellor of the Exchequer will announce details of the windfall tax in his Budget Statement.

Jobseeker's Allowance

Mr. Rowlands: To ask the Chancellor of the Exchequer what estimate he has made of the impact of the introduction of the jobseeker's allowance upon the reduction in the unemployment figures in *(a)* the United Kingdom and *(b)* Wales. [6138]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Mr. Edward Rowlands, dated 1 July 1997:

The Chancellor of the Exchequer has asked me to reply as Director of the Office for National Statistics to your recent question on what the effects are of the introduction of Jobseekers' Allowance (JSA) on unemployment figures for a) the UK and b) Wales.

The measure of unemployment, derived from the quarterly Labour Force Survey (LFS), is defined on a consistent and internationally recognised basis set out by the International Labour Organisation (ILO) and counts as unemployed people who are: a) without a paid job; b) available to start work within the next two weeks and c) have either looked for work in the last four weeks or are waiting to start a job already obtained. However, largely because it is a sample survey, information is not available from the LFS in as much geographical detail as from the claimant count measure described below.

ONS also publishes the monthly claimant count, which is based on the administrative system and includes all people claiming unemployment-related benefits (i.e. Jobseekers Allowance, Income Support or National Insurance credits) at Employment Service offices on the day of the monthly count, who on that day had signed

on as unemployed and available to do any suitable work. Essentially, all people who attend an Employment Service office to sign are counted, irrespective of whether they are actually receiving benefit.

There have been two main types of JSA effect on the claimant count figures:

1. Changes to rules - the effect of the main change in the rules under JSA, to means test after 6 months rather than twelve months, is proving very difficult to disentangle from other JSA and real economy effects. The best estimate that can be provided is that this has led to around 30,000 extra claimants leaving the count in the UK since the introduction of JSA. A breakdown of this estimate by country is not available.

2. Behavioural - it is likely that the introduction of JSA has had an effect on claimant behaviour, such as deterring fraudulent claims, but it is impossible to quantify this using available data.

The estimates of ILO unemployment properly reflect people's behaviour in the labour market, as reported in LFS interviews, and are not dependent on the receipt of unemployment-related benefits. It is, however, possible that labour market behaviour could have been influenced to some extent by the introduction of Jobseekers' Allowance, although this cannot be quantified.

Tax Returns

Mr. Welsh: To ask the Chancellor of the Exchequer (1) what representations he has received on the availability of suitable software to allow chartered accountants to carry out partnership tax returns under the new assessment system; and what steps he will take to resolve those problems which have been identified; [5650]

(2) when the Inland Revenue *(a)* planned to make and *(b)* made available to software houses final versions of the new tax return system; and if he will make a statement; [5651]

(3) what advice he will issue to chartered accountants who cannot gain access to final versions of the necessary software to carry out computerised partnership returns under the new tax assessment system; and what plans he has to extend the filing deadlines for 1997 tax returns. [5652]

Dawn Primarolo: The availability and reliability of commercial computer software packages is a matter for software suppliers to address. For their part the Inland Revenue are continuing to work closely with software suppliers to give them the assistance they need to produce an approved software package.

The near final draft of the new tax return for self-assessment was published in September 1996. The only changes made after September 1996 were minor corrections and the changes required following the last Budget.

The Inland Revenue had kept software houses fully informed of developments throughout the three-year process of consultation on and testing of the new return form.

Taxpayers have until 31 January 1998 to submit their completed 1996–97 tax returns. There are no plans to extend the filing deadline.

Mr. Welsh: To ask the Chancellor of the Exchequer what is the interest payment liability for existing partnerships under income tax self-assessment where the profit for the transitional period is higher than the submitted assessment. [5649]

Dawn Primarolo: From 1997–98 onwards the same payment rules will apply to all self-employed taxpayers, whether individuals or partners. But in 1996–97 special transitional rules apply. For certain partnerships—broadly, those with businesses which commenced prior to April 1994—the transitional arrangements mean that the existing rules are retained for one final year. As in previous years therefore the tax due for 1996–97 is payable in two instalments, on 1 January 1997 and 1 July 1997. Normally interest will only arise on any additional tax for the year, over and above the amount originally assessed, which remains unpaid after 1 July 1997.

Scottish Parliament

Mr. Dalyell: To ask the Chancellor of the Exchequer what assessment his Department has made of the data gathered in 1977–79 for the tax options for a Scottish Parliament. [6142]

Dawn Primarolo: In taking forward work on the Government's devolution proposals, Treasury Ministers and officials have consulted a wide range of papers and people, including papers bearing on the devolution proposals of the last Labour Government.

Budget

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer if he will publish, at the same time as the Budget Statement, the Budget briefing pack prepared for departmental Ministers. [6263]

Dawn Primarolo: Budget documents will be provided to right hon. and hon. Members on Budget day as in the past. The Budget brief will be released on the Internet about a week later in the same way as last time.

Tax Rates

Mr. Baker: To ask the Chancellor of the Exchequer what estimate he has made of the impact on the tax yield of increasing the top rate of tax to 50p in the pound; and if he will make a statement. [6254]

Dawn Primarolo: The estimated full year yield at 1997–98 income levels of increasing the top rate of income tax from 40 per cent. to 50 per cent. is £5.3 billion. The yield includes the consequential effects on the yield of capital gains tax after allowing for likely changes in the volume of disposals. It does not take account of any behavioural effects which might result from the introduction of the new rate.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Wet-bikes

10. **Mr. Whittingdale:** To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to introduce regulation to govern the use of wet-bikes; and if he will make a statement. [4673]

Angela Eagle: Local authorities have powers to regulate seaside pleasure boats for the prevention of danger, obstruction or annoyance to persons bathing in the sea or using the seashore and for the prevention and

suppression of nuisances. We shall be considering whether existing powers are adequate as part of my Department's review of coastal byelaws.

Strategic Authority for London

13. **Mr. Livingstone:** To ask the Secretary of State for the Environment, Transport and the Regions what representations he has received on the Government's plans to set up a strategic authority for London. [4676]

Mr. Raynsford: To date we have received 22 letters about our plans to set up a strategic authority for London. We have also had a number of meetings at which this issue has been raised.

19. **Mrs. Gordon:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on progress on the Government's plans to set up a strategic authority for London. [4682]

28. **Ms Buck:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on progress on the Government's plans to set up a strategic authority for London. [4691]

Mr. Raynsford: We intend to issue a consultation paper on the establishment of a strategic authority in London by the end of July. Subsequently we will introduce legislation to make provision for a referendum in London on this matter and, subject to parliamentary approval, it is our intention to hold the referendum in May 1998.

Regional Development Agencies

14. **Mr. Sheerman:** To ask the Secretary of State for the Environment, Transport and the Regions when he expects the regional economic development agencies to be set up. [4677]

Mr. Cabon: We propose to bring forward legislation in the Autumn with a view to the agencies beginning operation on 1 April 1999.

Social Housing

15. **Mr. Caplin:** To ask the Secretary of State for the Environment, Transport and the Regions what progress he has made in enabling local authorities to improve and expand the provision of social housing. [4678]

17. **Mr. Singh:** To ask the Secretary of State for the Environment, Transport and the Regions what progress he has made in enabling local authorities to improve and expand the provision of social housing. [4680]

Ms Armstrong: We are currently consulting local authorities about our proposals for the capital receipts initiative which will provide additional resources to local housing authorities. Under this initiative local authorities will be able to renovate local authority stock and, in partnership with Registered Social Landlords, provide new social housing where appropriate.

Scottish Assembly

16. **Mr. Dalyell:** To ask the Secretary of State for the Environment, Transport and the Regions, pursuant to his letter of 3 June, if he will make a statement on the extent to which his Department would retain responsibility for the Health and Safety Commission in the circumstances of a Scottish Assembly. [4679]

Angela Eagle: We are currently considering many issues to do with devolution, including the responsibilities of the Scottish Parliament. The Government's proposals will be published in a White Paper later in the summer.

Water Services

18. **Dr. Tony Wright:** To ask the Secretary of State for the Environment, Transport and the Regions what progress he has made in persuading water companies to accept responsibility for supply pipes. [4681]

Mr. Meacher: Water companies have responded positively to the 10 point plan announced at the Water Summit on 19 May. Most have agreed to offer a free leakage detection and repair service for household customers' supply pipes. We are pursuing this issue with a few companies who have yet to give a fully satisfactory response. We will make a further statement shortly.

22. **Mr. Hanson:** To ask the Secretary of State for the Environment, Transport and the Regions when he next expects to meet representatives of the water companies to discuss water leakage. [4685]

Mr. Prescott: At the Water Summit on 19 May, I announced that the Director General of Water Services would set tough mandatory targets. I have no current plans to meet representatives of the water companies again to discuss the issue.

Homelessness

20. **Mrs. Humble:** To ask the Secretary of State for the Environment, Transport and the Regions what initiatives he has undertaken to reduce homelessness. [4683]

Ms Armstrong: Homelessness is an affront to civilised society; this Government is adopting measures that deal with its causes, through the phased release of capital receipts to help fund new housing, and measures that deal with its effects, by providing a better deal for homeless households.

Construction Contracts (Adjudication)

21. **Mr. Baldry:** To ask the Secretary of State for the Environment, Transport and the Regions when he expects to bring forward proposals for adjudication, pursuant to the provisions of the Housing Grants, Construction and Regeneration Act 1996. [4684]

Mr. Raynsford: I expect to lay the order required to implement Part II of this Act later this year.

Council Tax

23. **Mr. Pike:** To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to introduce changes to council tax banding. [4686]

Mr. Raynsford: The question of whether any changes should be made to the structure of the council tax valuation bands is one that I shall wish to discuss with the Local Government Association and others for reaching a view. Any changes that might be proposed will be the subject of widespread consultation.

Local Government Services

24. **Kali Mountford:** To ask the Secretary of State for the Environment, Transport and the Regions what action he has taken to encourage public-private partnership in local government services. [4687]

Ms Armstrong: Good local government should be a partnership between local people, businesses and voluntary groups and our mandate is to give authorities the powers necessary to develop these partnerships. We have introduced a Bill to help authorities set up privately financed projects, and said that compulsory competitive tendering will be replaced by a duty on authorities to achieve best value. In these and other matters we are working closely with the Local Government Association and other parties directly interested in the provision of local services.

National Memorial Arboretum, Alrewas

25. **Mr. Fabricant:** To ask the Secretary of State for the Environment, Transport and the Regions when he next plans to visit the National Memorial Arboretum near Alrewas. [4688]

Mr. Prescott: I have no plans to visit the National Memorial Arboretum. However, the Under Secretary of State (Angela Eagle) plans to visit the Arboretum in October when she launches the Tree Council's 100th Tree Warden Scheme at Lichfield.

Local Government Finance

26. **Mr. Heathcoat-Amory:** To ask the Secretary of State for the Environment, Transport and the Regions what powers he has to direct a local authority to rebill all households in the event that it is refused permission to spend above its cap; and who pays for this. [4689]

Mr. Raynsford: The powers to limit an authority's budget requirement are set out in sections 57 to 59 of the Local Government Finance Act 1992. Where these powers have been exercised, the authority is required to make substitute calculations by virtue of section 60, which applies to billing authorities, and section 61, which applies to precepting authorities. Under section 31 a billing authority which makes substitute calculations is required to set substitute amounts of council tax and there is an equivalent requirement for a precepting authority in section 42. Costs of rebilling fall to the billing authority except where they result from a substitute precept issued by a precepting authority. In such cases, section 31 allows the billing authority to recover its administrative expenses from the precepting authority.

Mr. Laurence Robertson: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement regarding his Department's policy towards the capping of local authorities' spending. [5875]

Mr. Raynsford: We have now met all three of the authorities designated for capping this year (Oxfordshire, Somerset and Warwickshire County Councils) and are carefully considering their cases before determining caps for each authority which are reasonable, achievable and appropriate. We hope to complete the 1997–98 capping round before the summer recess.

For the future, we have given a commitment to do away with crude and universal capping, although we will retain reserve powers to control excessive council tax increases. We are now considering ways to implement our commitment.

Structure Plans

27. **Mr. Andrew George:** To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to ensure that structure plan population and housing growth figures are commensurate with anticipated employment opportunities and job creation projections. [4690]

Angela Eagle: Existing national policy (PPG12) provides advice to local authorities on the content of structure plans, including the need to ensure that interactions between land use policies for housing and economic development are fully considered. It is open to the Secretary of State to object to a plan if this advice is ignored. These issues are also considered during the preparation of Regional Planning Guidance, issued by the Secretary of State. The Government is committed to a more integrated approach to the planning process at the regional level and is considering the role that Regional Chambers and Regional Development Agencies might play in this process.

Green Belt (West Midlands)

29. **Mrs. Spelman:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the protection of the Green Belt in the West Midlands with particular reference to the Meriden gap between Coventry and Birmingham. [4692]

Angela Eagle: Policy on Green Belts is set out in Planning Policy Guidance Note 2. There is a general presumption against inappropriate development in the Green Belt. Inappropriate development can only be justified if there are very special circumstances whereby the harm is clearly outweighed by other considerations.

Regional Planning Guidance for the West Midlands, published in September 1995, reaffirmed this national policy and made clear that the Meriden Gap should remain in the Green Belt.

Within the Meriden Gap between Birmingham and Coventry, detailed Green Belt boundaries have been confirmed in the recently adopted Solihull Unitary Development Plan.

Unitary Authorities

30. **Mr. Mitchell:** To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has for reassessing the funding of the new unitary authorities with particular reference to North-east Lincolnshire. [4693]

Ms Armstrong: Discussions with local government on the distribution of Revenue Support Grant for 1998–99 are currently in progress. These discussions will cover most of the standard spending assessment elements received by unitary authorities.

Devolved Decision Making

Mr. Charles Kennedy: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his plans for a rolling programme of devolved decision making within England. [4674]

Mr. Caborn: We want to encourage the development of representative regional bodies in England so that we can increase the Government's accountability. It is important, however, that uniformity is not imposed on the diverse English regions.

Internet

Mr. Sheerman: To ask the Secretary of State for the Environment, Transport and the Regions what use he plans to make of the Internet to make Government more open. [5104]

Angela Eagle: The Department of the Environment, Transport and the Regions already takes advantage of new technology, including the Internet, as part of its communications strategy. We promote the Internet as an important additional source of information across a wide range of the Department's responsibilities. Examples include the provision of national air quality data, up-dated hourly from the Department's monitoring stations, and full details of the Mobility Roadshow, being held at Crowthorne, with information on a range of production vehicles and equipment for disabled drivers.

The Department currently has two Internet sites averaging 33,000 accesses a week. Collectively both sites carry substantial guidance on open access with information on the Department's business, with named officials, addresses, and telephone numbers and an alphabetically listed public enquiry facility with over 70 e-mail addresses. As a result of our recent merger, arrangements are now in hand to move towards a single Departmental Internet site. Until the site is set up the current addresses are as follows:

DOE–http://www.open.gov.,uk/doe/doehome.htm

DOT–http://www.open.gov.uk/dot/dothome.htm.

Passive Smoking

Mr. Sheerman: To ask the Secretary of State for the Environment, Transport and the Regions what discussions he has had with the leisure industry concerning the dangers to their customers and employees from passive smoking. [5083]

Angela Eagle: Officials from the Department of the Environment, Transport and the Regions have discussed passive smoking with representatives of pub and restaurant trade associations. The associations are well aware of the dangers of passive smoking and are keen to work with us to develop effective smoking policies.

The Government intend to hold a seminar of experts in the field of smoking reduction on 14 July 1997. The results of this seminar will inform policy, which will then be set out in a White Paper on our strategy to reduce smoking. As part of this, my Department will be looking for ways of speeding up progress in the introduction of more stringent smoking policies in public places.

Contaminated Land

Mr. Peter Atkinson: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to implement section 57 of the Environment Act 1995 (Provisions on Contaminated Land); and if he will make a statement. [5662]

Angela Eagle: I refer the hon. Member to my answer of 21 May to the hon. Member for Denton and Reddish (Mr. Bennett), *Official Report*, columns *84–85*.

Environmental Task Force

Mr. Matthew Taylor: To ask the Secretary of State for the Environment, Transport and the Regions what criteria will determine the projects to be undertaken by the Environmental Task Force; to what extent the costs for non-Governmental organisations taking part in the scheme will be reimbursed; and what qualifications will be awarded to those taking part. [5664]

Angela Eagle: Further information on the Government's New Deal programme, including the Environmental Task Force, will be announced as part of the Budget.

Nuclear Discharges

Mr. Mitchell: To ask the Secretary of State for the Environment, Transport and the Regions what is his Department's policy on proposals relating to nuclear discharges into the marine environment to be considered at the OSPAR convention meeting in September. [6283]

Angela Eagle: The UK delegation to the Oslo and Paris Commissions has made clear to our partners in those Commissions that the Government is reviewing the policy to be adopted on all the questions to be discussed at the forthcoming Ministerial meeting of the OSPAR Commission, among others those relating to radioactive substances, including waste. These reviews are not yet complete.

Housing Benefit

Mr. Hinchliffe: To ask the Secretary of State for the Environment, Transport and the Regions if housing benefit will continue to be paid via local authority housing revenue accounts. [5046]

Mr. Raynsford: We are currently examining the financing of local authority housing as part of our comprehensive review of spending. Housing benefit granted by local authorities to their tenants as rent rebates is paid through local authority housing revenue accounts in accordance with the Local Government and Housing Act 1989. Legislation would be required to change this.

Lake District Planning Board

Mr. Campbell-Savours: To ask the Secretary of State for the Environment, Transport and the Regions what is the reappointment date for each member of the Lake District Planning Board. [5824]

Angela Eagle: Twelve members of the new Lake District National Park Authority were appointed by the then Secretary of State for the Environment with effect from 1 October 1996. They are listed below, together with the expiry date of their current appointments. Seven of

the 12 members are appointed to represent the national interest, the remainder are parish members. The Authority has a further 14 members appointed by the local authorities in the area.

Secretary of State members of the Lake District National Park Authority

	Appointment expires
National	
Mr. William Cowx	31 March 1998
Mr. John Trotter	31 March 1998
Mr. Peter Dean	31 March 1999
Mr. John Fryer-Spedding	31 March 1999
Mr. Keith Harryman	31 March 1999
Mr. John Park	31 March 1999
Mr. David Thornton	31 March 1999
Parish members	
Mr. Thomas Coulthard	All 31 May 1999
Mr. Benjamin Dobson	
Mr. John Hayton	
Dr. Helen Jones	
Mr. Jack Morris-Eyton	

Small Cetaceans Agreement

Mr. Baker: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the actions taken by the Government, pursuant to the Agreement for Small Cetaceans in the Baltic and North Seas. [6007]

Angela Eagle: The UK has taken forward numerous measures to implement the Resolution on the implementation of a Conservation and Management Plan, adopted by the Parties at Stockholm in September 1994. The Resolution established the following as priority actions: reduction of pollution; reduction of direct interaction with fisheries; reduction of indirect interactions with fisheries; reduction of disturbance; reduction of indirect disturbance; monitoring, status and population studies; education and promotion; and administration.

The UK has produced a report on actions taken between April 1992 and March 1996. A copy of that report will be made available to the hon. Member.

Vehicle Emissions Standards

42. **Mr. Campbell-Savours:** To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to improve vehicle emissions standards. [4705]

Dr. Strang: The Government is considering a range of measures for reducing vehicle emissions. These include measures aimed at reducing the level of emissions from individual vehicles, and reduced car usage.

Birmingham Northern Relief Road

44. **Dr. Tony Wright:** To ask the Secretary of State for the Environment, Transport and the Regions when he expects to announce a decision about the Birmingham northern relief road. [4707]

Dr. Strang: The Birmingham northern relief road is one of 12 schemes that are the subject of an accelerated review as part of our roads review. We propose to announce decisions on these schemes later.

Railway Industry (Investment)

45. **Mr. St. Aubyn:** To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to encourage higher investment by the privatised rail industry. [4708]

Ms Glenda Jackson: The Government is keen to encourage higher levels of investment by the rail industry. First and foremost, we will use all the levers at our disposal to make sure that Railtrack and the train operating companies deliver on their existing investment obligations.

Trust Ports

46. **Mr. Loughton:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the Government's proposals for the future of trust ports. [4709]

Ms Glenda Jackson: Trust ports vary greatly in their commercial significance, type of use, and the powers and duties they have under local legislation. We will be reviewing the options available to trust ports, including voluntary privatisation under the Ports Act 1991.

M62 Relief Road

47. **Mr. Ivan Lewis:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on progress in respect of the M62 relief road scheme. [4710]

Dr. Strang: The M62 relief road was withdrawn from the roads programme in November 1995.

Public Transport (Bicycles)

48. **Mr. Barnes:** To ask the Secretary of State for the Environment, Transport and the Regions what representations he has received recently regarding the transit of bicycles on the public transport system; and if he will make a statement. [4711]

Ms Glenda Jackson: I have received 29 representations about the transit of bicycles on trains.

The Government supports the objectives of the national cycling strategy and the aim of a fourfold increase in cycling by 2012, as part of an integrated transport policy. The Government will be encouraging improvements in conditions for cycling, and we intend to play a full part in the National Cycling Forum, which has been set up to co-ordinate delivery of the strategy.

I recently presented a cycle mark to Anglia Railways under the rail operations' code of practice for cyclists for its bikes on trains initiatives.

London Underground

49. **Mr. Canavan:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement about the future ownership of London Underground. [4712]

53. **Mr. Brake:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his plans for the funding of London Underground. [4718]

Ms Glenda Jackson: We are looking very urgently at options for public/private partnership to increase investment in the core Underground network. This work is intended to fulfil our Manifesto commitment to develop "a new public/private partnership to improve the Underground, safeguard its commitment to the public interest and guarantee value for money to taxpayers and passengers". We have also made it clear that wholesale privatisation of London Underground is not the answer.

Airports (Investment)

50. **Miss McIntosh:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the level of investment in the airports system. [4713]

Dr. Strang: In 1995–96, the most recent year for which information is available, £591 million was invested in UK airports. (Sources: The UK Airports Industry Airports Statistics 1995–96, published by the Centre for the Study of Regulated Industries, and the Civil Aviation Authority).

A1 (Morpeth)

51. **Mr. Beith:** To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement about progress towards dualling the A1 north of Morpeth. [4716]

Dr. Strang: The Highways Agency is investigating the further dualling of the A1 between Morpeth and the Scottish Border.

Road Traffic

52. **Mr. Dafis:** To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has for the reduction of road traffic as part of his Department's promotion of sustainable development. [4717]

Dr. Strang: We will be addressing the issue of road traffic growth as we develop our integrated transport policy.

Traffic Flow (London)

Mr. Gapes: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on plans to improve traffic flow in London. [4706]

Ms Glenda Jackson: The Government announced last month that it was launching a fundamental review of transport policy to provide an integrated transport system which meets the needs of all regions of the county, including London. Traffic levels will form a key aspect of that review.

Heathrow and Gatwick Airports

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions on how many days in *(a)* 1996 and *(b)* 1997 a procedure permitting a reduced final approach separation distance between aircraft has been put into operation at (i) Heathrow and (ii) Gatwick airports. [5603]

Ms Glenda Jackson: Strict criteria, particularly in respect of visibility and weather conditions, govern the introduction of reduced final approach separation. Since the trials began in 1994, procedure has been applied for approximately 1 per cent. of flights into Heathrow overall. Specific information on the number of days involved in 1996 and 1997 is not available. A similar trial is expected to start at Gatwick airport soon.

Cycling

Mr. Colvin: To ask the Secretary of State for the Environment, Transport and the Regions if he will represent to the Rail Regulator the importance of cycling in the Government's transport policy; and if he will make a statement. [5807]

Ms Glenda Jackson: I refer the hon. Member to my answer of 12 June 1997, *Official Report*, volume 296, column *523*.

Roads Programme Review

Mr. Keetch: To ask the Secretary of State for the Environment, Transport and the Regions what environmental and economic criteria the Government will use to review road schemes in its forthcoming Roads Programme Review; if the same criteria will apply for each phase of the review; and if he will make a statement. [5960]

Ms Glenda Jackson: Both the accelerated review and the main review will use the same criteria of accessibility, safety, environmental impact and economy. Our objective is to find the best possible solutions to the transport problems we face within the limits of the available resources and to ensure that short term gains in one area are not negated by wider or longer term damage. Achieving the right balance between our four criteria will therefore be a central issue in the review.

Channel Tunnel (Safety)

Mr. Green: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to improve security on trains travelling through the Channel Tunnel. [6153]

Ms Glenda Jackson: The security requirements placed on the operators of Channel Tunnel rail services are closely tailored to the risk, which takes account of the threat to the tunnel as assessed by Government agencies. The measures, which cover both the trains and the passengers, freight and vehicles carried, are constantly monitored and adjusted according to the level of assessed risk, and any necessary improvements made in the light of experience.

Public Servants (Car Use)

Mr. Bayley: To ask the Secretary of State for the Environment, Transport and the Regions what policies the Government will adopt to discourage the use of cars by public servants. [4714]

Dr. Strang: A cross-Government group is reviewing existing travel policies and identifying what measures can be taken to reduce the environmental impact of travel. Departments are being encouraged to draw up green transport plans to address issues such as staff commuting and official business travel. Guidance on green transport plans is being developed by the Department of the Environment, Transport and the Regions to assist other Departments. The Government has also been encouraging public and private sector organisations to look at ways of minimising staff commuting by car and cutting down on environmental impacts of car fleets. The Government's general transport policies to encourage use of public transport and reduce car dependency, will also affect public servants' travel decisions.

Rail Services (South West)

Ms Atherton: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to review rail services in the south west. [4715]

Ms Glenda Jackson: Our objective for the whole of the passenger network is to see more people travelling by rail. We want higher levels of investment, proper enforcement of train operators' service commitments and all the benefits of having a national railway network. We welcome work that is planned or in progress to improve rail services in the south west and elsewhere on the network.

Network Card

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to extend the powers of the Rail Regulator to enable him to prevent train operating companies making significant changes to the conditions applying to network-purchased train tickets. [5463]

Ms Glenda Jackson: Neither the Government nor the Rail Regulator has powers to prevent train operating companies making changes to the conditions applying to the Network Card. Train operating companies' participation in the Network Card scheme is voluntary and there is no statutory obligation on them to offer the Network Card.

The Government is currently considering the options for establishing more effective and accountable regulation by the Rail Regulator.

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if he will meet the Rail Operators Association to discuss their proposals to *(a)* limit the use of the network and *(b)* increase the cost of travel for those using the network card. [6299]

Ms Jackson: The Government has no powers to prevent train operators changing either the price of the Network Card or the conditions on which it is offered. The Government is keen to see off-peak rail travel increase. We have already held a number of discussions with train operators, and we will continue to encourage them to develop new plans to expand the off-peak market in the South East and elsewhere.

Bus Route Tenders (London)

Dr. Marek: To ask the Secretary of State for the Environment, Transport and the Regions, pursuant to his answer to the hon. Member for Twickenham (Dr. Cable) of 19 June, *Official Report*, column *278*, if he will make it his policy to withhold on grounds of confidentiality only those parts of any tender document that necessarily should be confidential and make the other parts of the document publicly available with those confidential parts blanked out. [6123]

Ms Glenda Jackson: This is a matter for London Transport Buses.

Lightning Jets

Mr. Flynn: To ask the Secretary of State for the Environment, Transport and the Regions what is his policy in respect of granting licences to fly ex-RAF Lightning jets in private ownership in the United Kingdom; and what guidance he issues to licensing authorities in other countries. [5505]

Ms Glenda Jackson: The issue of Permits to Fly to ex military aircraft is the responsibility of the Civil Aviation Authority, which is sponsored by the Department of the Environment, Transport and the Regions. The CAA's policy on this subject is set out in the British Civil Airworthiness Requirements (BCAR) Chapter A8–20—this requirement covers the design evaluation and assessment of the aircraft type, as well as the maintenance activity required to maintain its airworthiness. In addition, Civil Aviation Publication (CAP) 632 specifies the requirements to be satisfied for the operation of ex military aircraft by civil organisations, owners and operators. BCAR A8–20 and CAP 632 are both available to the public.

The CAA does not give general guidance to overseas authorities, but would share its experience on specific aircraft types if asked.

M25

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions what is the length of the stretches of road to be included in the proposed widening of the M25 in Surrey including those areas involving the removal of hard shoulders; and if he will make a statement. [6335]

Ms Glenda Jackson: The widening scheme for M25 junctions 12 to 15 is 10.9 km long of which 1.595 km of the Northbound carriageway and 955 m of the Southbound carriageway has discontinued hard shoulder.

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if the accelerated highways review will include an assessment of the safety implications of containing the proposed widening of the M25 in Surrey within the existing motorway curtilage; and if he will make a statement. [6340]

Ms Jackson: The Accelerated Review will assess schemes in terms of accessibility, safety, economy and environmental impact. The safety implications of continuing widening within the existing motorway boundary will be considered.

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if the projected carbon emissions within the vicinity are consequent on the proposed widening of the M25 between junctions 12 and 15 will be compatible with the commitments made on behalf of the United Kingdom under the Convention on Climate Change; and if he will make a statement. [6337]

Ms Jackson: The UK is on course to meet its climate change convention commitment to return national emissions of carbon dioxide to 1990 levels by the year 2000. Within this trend of downward total national emissions some individual emissions may rise. As shown in the Environmental Statement about the scheme this is forecast for the proposed widening of the M25 between junctions 12 and 15. Such increases are not incompatible with the UK commitment.

A23

Mr. Ottaway: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the construction of the A23 Coulsdon Inner Relief Road. [6334]

Ms Glenda Jackson: The A23 Coulsdon Inner Relief Road proposals will be considered within the terms of the comprehensive Review of Trunk Roads announced recently by my right hon. Friend the Minister of Transport. The full Review will include consultation with interested parties. The results of the Review are expected next Spring.

Vehicle Excise Duty

Mr. Chaytor: To ask the Secretary of State for the Environment, Transport and the Regions what assessment has been made of the feasibility of a banded form of vehicle excise duty related to engine size and fuel efficiency and the environmental benefits that would accrue. [5381]

Dawn Primarolo: I have been asked to reply.

It is not possible to comment on tax matters in advance of the Budget.

SOCIAL SECURITY

Child Support Agency

Mr. Todd: To ask the Secretary of State for Social Security what arrangements there are to ensure a high quality of telephone access to the Child Support Agency; and if she will review the quality of telephone access. [2182]

Mr. Keith Bradley: We expect the Child Support Agency to provide an efficient and effective service to all its clients throughout the child support assessment process.

The Secretary of State has asked the Child Support Agency to improve the telephone service it offers to its customers. To do this the Agency plans to employ staff to work a wider more flexible range of working patterns over six days a week. This will provide more opportunities for customers to contact the Agency and vice versa, and will enable the Agency to deliver a better standard of customer service through greater use of the telephone and faster throughput of cases.

Pensioners' Christmas Bonus

Mr. Bob Russell: To ask the Secretary of State for Social Security when the Christmas bonus for pensioners was introduced; what was its value; and what plans he has to increase it this year. [4033]

Mr. Denham: All pensioners should share fairly in rising national prosperity and we are committed to examining ways to deliver more automatic help to the poorest pensioners. We will shortly be announcing details of a review of the central areas of insecurity for older people.

The Christmas bonus was first paid in December 1972 at the rate of £10. We have no plans to increase this payment in 1997.

Benefits (Payment)

Mr. Dalyell: To ask the Secretary of State for Social Security if she will increase the discretion of local managers of benefits offices to allow those who may be currently required to appear in person to collect benefit, to be paid their benefit by post. [4567]

Mr. Field: In order to safeguard public funds, each individual claimant's case is considered on its own merit. There are no plans to amend this regulation. As the administration of Social Security benefits is a matter for the Benefits Agency, I have asked its Chief Executive, Peter Mathison, to write to the hon. Member directly and for his reply to be published with the answer.

Letter from Peter Mathison to Mr. Tom Dalyell, dated 30 June 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking if she will increase the discretion of local managers of benefit offices to allow those who may be currently required to appear in person to collect benefit, to be paid their benefit by post.

The manner in which benefit is paid is determined by a Benefits Agency officer acting on behalf of the Secretary of State. These officials have a duty to safeguard public funds and to ensure that the customer receives the benefit to which they are entitled. There are circumstances where officials may consider it necessary for a customer to collect their benefit in person. These may be where the customer has an unsafe postal address or is homeless.

A customer's individual circumstances are always considered when the payment method is determined. There are no plans to change the level of discretion an officer acting on behalf of the Secretary of State has in determining whether a customer is required to collect their benefit in person.

I hope you find this reply helpful.

Housing Benefit (Rent Levels)

Mr. Hinchliffe: To ask the Secretary of State for Social Security if she will make a statement on the future relationship between housing benefit subsidy and rent levels in the public sector. [5047]

Mr. Keith Bradley: Housing policy and housing benefit policy should not be considered in isolation from each other, and we need to consider the relationship between personal subsidy and "bricks and mortar" subsidy. This Department will be working with the

Department of the Environment, Transport and the regions with the aim of developing a housing policy which frees people from the benefit trap and which encourages personal responsibility.

We are examining the financing of local authority housing as part of our Comprehensive Spending Review. This will review all aspects of public expenditure and will see that taxpayers' money is being spent effectively in order to fulfil the Government's manifesto commitments.

Pensioners (VAT on Fuel)

Mr. Heathcoat-Amory: To ask the Secretary of State for Social Security what estimate she has made of the effect on *(a)* a single retirement pensioner and *(b)* a retirement pensioner couple of reducing VAT on domestic fuel from 8 per cent. to 5 per cent., taking into account the effect of the subsequent annual uprating of pensions and benefits. [6173]

Mr. Denham: pensioners' fuel bills vary considerably. We expect any reduction in VAT to be reflected in their fuel bills.

SCOTLAND

Crofting

Mrs. Ray Mitchie: To ask the Secretary of State for Scotland what discussions have been held with representatives of the Scottish Crofter's Union regarding *(a)* changes to land tenure and *(b)* specific grants for crofters and crofting communities. [3822]

Mr. Chisholm *[holding answer 23 June 1997]:* My noble Friend the Minister for Agriculture, the Environment and Fisheries met representatives of the Scottish Crofters' Union (SCU) on 9 June. There was no discussion of changes to land tenure as such but union representatives outlined their ideas for the establishment of a Pan-Highland Trust. In addition, the SCU mentioned the importance to crofters of the crofters building grants and loans scheme.

Bullying

Mr. Gorrie: To ask the Secretary of State for Scotland what guidance he has given to schools and local education authorities concerning dealing with bullying; and what steps he has taken to encourage schools and LEAs to learn from best practice elsewhere in Scotland in this respect. [5397]

Mr. Wilson: The Government take the problem of bullying very seriously. In recent years, my Department has issued a range of guidance on the subject, as follows.

In 1992, the Department issued to all schools a support pack called "Action against Bullying". The pack contained extensive examples of good practice and stressed that the single most important thing a school can do to prevent bullying is have a clear policy to which staff, pupils and parents are committed.

In 1993, the Department funded the issue to every school of a follow-up resource pack aimed at non-teaching staff and families. The pack is called "Supporting Schools against Bullying in Scotland".

In August 1994, the Department issued to all schools a leaflet aimed directly at children entitled "Let's Stop Bullying—Advice for Young People". In August the following year, the Department issued a further leaflet providing advice for parents and families entitled "Let's Stop Bullying—Advice for Parents and Families".

We are urgently reviewing what further steps might be taken. I have asked for the report "Which Way Now? A Progress Report on Bullying in Scottish Schools" by Andrew Mellor to be followed up, in order to establish if there are further measures based on the report which could be usefully implemented. I am also taking steps to satisfy myself that every school has an effective anti-bullying policy in place.

Health Boards

Mr. McAllion: To ask the Secretary of State for Scotland what steps he is taking to reform the structure of health boards in Scotland with particular reference to the percentage of the board made up of *(a)* councillors, *(b)* NHS representatives and *(c)* directly elected representatives; and if he will make a statement. [5862]

Mr. Galbraith: In the last week eight new chairmen for health boards have been announced, which signals a new direction for the Scottish Health Service. It is our intention to ensure that health boards are representative of the populations they serve: I have just announced a local authority member for Lothian, Tayside and Grampian health boards. It is my intention to ensure that all health boards have on them a local authority member. I have also indicated that I would welcome nominations of candidates for health boards from the STUC. In all cases I will appoint the best available candidates in order to pursue the Government agenda for the NHS.

Water Authorities

Mr. McAllion: To ask the Secretary of State for Scotland when, and in what form, the water authorities in Scotland will be returned to local democratic control. [5866]

Mr. Dewar: I refer my hon. Friend to the reply given on 5 June 1997 to my hon. Friend the member for Glasgow, Shettleston (Mr. Marshall), *Official Report*, column *233–34* and to the reply given on 26 June 1997 to my right hon. Friend for Inverness, Nairn and Lochaber (Mr. Stewart), *Official Report*, column *601–02*.

Private Finance Initiative

Mr. Wallace: To ask the Secretary of State for Scotland if he will list the Scottish health projects which were pursuing experimental private finance initiative funding as at 22 June; and if he will indicate the sum spent to date in respect of preparatory work for each project. [5992]

Mr. Galbraith *[holding answer 30 June 1997]:* Proposals for capital projects which were exploring the PFI route as at 22 June this year and on which information is held by the Department are as listed. It should be noted that projects are considered for PFI only after outline business case approval. In addition there are other smaller projects developed on the same principles which fall within trust and health board delegated limits and for which information is not held centrally.

Health board/NHS trust	*Project description*	*Capital value (£ million)*
Royal Infirmary of Edinburgh NHS Trust	Relocation of major acute teaching hospital	175
Law Hospital NHS Trust	Hospital	100
Hairmyres and Stonehouse Hospitals NHS Trust	New major acute hospital	63
Victoria Infirmary NHS Trust	Provision of geriatric beds at Mearnskirk	2
Ayrshire and Arran Community Healthcare NHS Trust	Community Hospital (Cumnock, East Ayrshire)	9
Greater Glasgow Community and Mental Health Services Trust	Replacement of facilities for delivery of in patient mental health services (Stobhill)	8
Southern General Hospital NHS Trust	Provision of geriatric medicine	9
Western Isles Health Board	Community Hospital	8
Dumfries and Galloway Acute and Maternity Hospitals NHS Trust	Provision of maternity and day care services	4
Yorkhill NHS Trust	Provision of maternity services	10
Orkney Health Board	Community Hospital	12
Highland Communities NHS Trust	Provision of psychiatric unit (Inverness)	18
Dundee Healthcare NHS Trust	Provision of psychiatric unit (Dundee)	9
Renfrewshire Healthcare NHS Trust	Geriatric assessment facility	9
West Glasgow Hospitals University NHS Trust	New major acute teaching hospital	100
Glasgow Royal Infirmary University NHS Trust	Package of schemes	40

On Monday 16 June I announced that due to the urgent nature of proposals for maternity and theatre facilities at Glasgow Royal the Government would provide £36 million of public funding. Other aspects of the package of schemes will continue to explore PFI. I also decided that PFI was inappropriate for proposals for the redevelopment of the Western general hospital in Edinburgh and on Monday 23 June announced that £40 million would be provided for a new ward and theatre block.

Information on sums spent on preparatory work is not centrally available. However we estimate that costs should be not more than 1.5 per cent. of the capital value of a project. In view of the innovative nature of PFI boards and trusts have been provided with some funding to help cover these costs. As at 30 April 1997 grants to projects listed above amounted to approximately £4.7 million. We expect costs to decrease significantly as the PFI process becomes more streamlined. It should also be noted that much of the preparatory work for a project is necessary regardless of whether it will be funded publicly or under the PFI.

Badgers

Mr. Flynn: To ask the Secretary of State for Scotland how many *(a)* arrests, *(b)* prosecutions and *(c)* convictions have been recorded under the Protection of Badgers Act 1992 in Scotland in each year since 1992 broken down by local authority; and if he will make a statement. [5708]

Mr. McLeish: Information on the number of people arrested is not collected centrally.

The information requested on prosecutions and convictions is not separately identifiable within the Scottish Office Home Department's classification of crimes and offences.

Museums

Mr. Garnier: To ask the Secretary of State for Scotland if he will list the museums in Scotland registered under the Museums and Galleries Commission's registration scheme. [6312]

Mr. Galbraith: There are some 300 Scottish museums and galleries registered under the scheme. A list of registered museums in Scotland drawn up by the Museums and Galleries Commission is available in the Library.

HEALTH

Royal Bolton Hospital

Ms Kelly: To ask the Secretary of State for Health how many patients admitted to Royal Bolton hospital *(a)* 1995–96 and *(b)* 1996–97 had been forced to remain in hospital for longer than their treatment required because suitable residential or day care was not available for up to (i) one week, (ii) two weeks, (iii) one month, (iv) two months and (v) three months or longer; and what estimate he has made of the additional costs to the NHS of these extended periods of care. [4251]

Mr. Boateng: For information for 1 June 1997, I refer my hon. Friend to the reply I gave on 20 June 1997 at columns *317–18*. Bolton Hospital national health service trust is unable to aggregate these figures for the reasons previously described. The trust has collected precise information on this subject only for the last 18 months. My hon. Friend may wish to approach Mrs. B. Peacock, chairman of the trust, for more details.

Surgical Work

Mr. Alan Williams: To ask the Secretary of State for Health what monitoring takes place of the quality of surgery carried out in general practitioners' surgeries; how this compares with the monitoring of similar surgical work in hospitals; and if he will make a statement. [5320]

Mr. Milburn: In order to receive a fee from the health authority for undertaking minor surgical procedures, a general practitioner must gain admission to the health authority's minor surgery list. The National Health Service (General Medical Services) Regulations 1992 require the health authority to satisfy itself that the general practitioner has the medical experience, training and facilities necessary to carry out minor surgical procedures.

General practitioners themselves are guided by professional advice on minor surgery. We are exploring with the profession options for standardising entry criteria and introducing regular review of general practitioners on such lists.

Clinical audit can have a valuable role in maintaining and enhancing the quality of clinical care. The Government and the NHS support clinical audit in all

areas of care, and nowadays participation in audit is becoming an accepted and expected part of high standards of professional practice.

Waiting Lists

Dr. Kumar: To ask the Secretary of State for Health how many people were awaiting non-emergency treatment for *(a)* up to six months, *(b)* up to 12 months, *(c)* up to 18 months, *(d)* up to 24 months and *(e)* for over 24 months in the constituency of Middlesbrough, South and Cleveland, East at the latest date for which figures are available. [5562]

Mr. Milburn: The latest date for which the information requested is available is 31 March 1997. Provisional figures show that on that date 9,931 patients were waiting for admission to South Tees Acute hospitals NHS trust, the major trust in my hon. Friend's constituency, on either an inpatient or day-case basis. Of these, 7,430 had been waiting up to six months and all had been waiting less than 12 months.

Prescriptions

Ann Clwyd: To ask the Secretary of State for Health what guidance he has given to health authorities concerning the *(a)* payment and *(b)* monitoring of payment for prescriptions, issued by general practitioners for optician services. [5659]

Mr. Milburn: Only optometrists, and ophthalmic medical practitioners are empowered to issue prescriptions for glasses under the General Ophthalmic Services. Guidance on monitoring and checking arrangements is contained in Health Circular HC(91)17, copies of which are available in the Library.

Health Service Reviews

Mr. Baldry: To ask the Secretary of State for Health if he will publish a full list of reviews at present being carried out in the national health service, the timetable for each review and if the results will be published. [5691]

Mr. Milburn: In addition to reviews of local services being carried out by health authorities, the Government have announced the following reviews which have an impact on the national health service.

The Chief Secretary to the Treasury announced a Government-wide comprehensive spending review on 11 June which will look at all areas of Government spending. The timetable for the review is 12 months and the results will inform a new set of public expenditure plans. In the Department of Health the review will be carried out in the context of the Government's election manifesto commitment which states:

"if you are ill or injured there will be a national health service there to help; and access to it will be based on need and need alone—not on your ability to pay, or on who your GP happens to be or on where you live".

My right hon. Friend the Secretary of State for Health announced on 20 June the details of the Government's review of health services in London. The review will be conducted by an independent advisory panel chaired by Sir Leslie Turnberg, President of the Royal College of Physicians. The panel has been asked to complete the main elements of its work by the end of October 1997. It is envisaged that the panel's findings will be published.

We have announced an ongoing review looking at the process and product of the private finance initiative in the NHS. It will be complete by the end of the year and the results will be published.

In addition, we have also established a national health service efficiency task force to explore more effective and efficient ways of delivering high quality patient care. The group has not been asked to prepare a report.

Dental Services

Mr. Lansley: To ask the Secretary of State for Health when the 1996–97 General Dental Service access funding grants were allocated to dental practices in the Cambridgeshire and Huntingdon health authority area; if this funding has been distributed; and to what extent criteria set out in the bid were fulfilled. [5681]

Mr. Milburn: The funding was used to meet the aims identified in the health authority's bid and was allocated to practices in the 1996–97 financial year.

Mr. Drew: To ask the Secretary of State for Health if the £41,000 recently awarded to Gloucestershire health authority to improve patients' access to NHS dentistry has yet been allocated. [5674]

Mr. Milburn: Yes.

Cancer Treatment (CPT-II)

Mr. Hanson: To ask the Secretary of State for Health (1) what research his Department has *(a)* commissioned and *(b)* evaluated into the effectiveness of the drug CPT-II in combating bowel cancer; [5612]

(2) what is the cost of a course of treatment for CPT-II; [5614]

(3) which health authorities currently allow the supply of CPT-II to cancer patients. [5613]

Ms Jowell: CPT-II is the manufacturer's code name for a chemotherapy drug, Irinotecan hydrochloride which this year acquired a product licence from the Medicines Control Agency. While the Department of Health does not undertake research into new drugs prior to licensing, the Medicines Control Agency assesses the research evidence relating to their quality, safety and efficacy before licensing. The dose of CPT-II is adjusted for the size of patient; the cost of one dose is £830 on average and some patients may have up to six doses, at intervals of three weeks.

The drug came on the market only three months ago. Further research is underway to assess its role in comparison with current standard treatment and many doctors will await the outcome of this research before deciding whether to use this drug. For these reasons, it is too early to derive meaningful information on where the drug is being provided. The decisions on whether to use any drug takes into consideration the medical details of the individual patient and evidence as to whether the patient is likely to benefit.

Health Service Fraud

Ann Clwyd: To ask the Secretary of State for Health (1) what assessment he has made of the Healthcare Financial Management Association report concerning alleged fraud in the health service; and if he will make a statement; [5657]

(2) what plans he has to implement the recommendations of the Healthcare Financial Management Association report on alleged fraud in the health service. [5658]

Mr. Milburn: We are determined to stamp out fraud which diverts resources away from patient care in the national health service. The report of the Efficiency Scrutiny on Prescription Fraud in England and Wales was published on 19 June. In response to that report, we have already announced the Government's intention to take immediate steps to tackle prescription fraud.

We shall also look carefully at the report of the Healthcare Financial Management Association and consider its recommendations, some of which complement those of the Efficiency Scrutiny. We shall consider the proposals to deal with dental and optical fraud on a similar timescale.

Hepatitis C

Mrs. Ballard: To ask the Secretary of State for Health if he will take steps to ensure that counselling is available for those who contracted hepatitis C, other than by means of blood transfusions. [5667]

Ms Jowell: As my hon. Friend the Parliamentary Under-Secretary of State for Health said in his reply of 19 June 1997, column *291*, patients who may be infected with hepatitis C should be given sufficient information to enable them to make an informed decision about the implications for them of a positive test before being tested. Generally we would expect that the health care professionals dealing with the patient should be able to provide the advice and support that the patient needs. A few may require more specialist counselling and support. Patients who have a positive test should, if they wish, be referred to a specialist for further advice on the management of their disease, including more specialised counselling. It is for those commissioning services to ensure that suitably trained staff are available to advise such patients irrespective of how they were infected.

Private Finance Initiative

Mr. Brady: To ask the Secretary of State for Health what guidance his Department gives on the circumstances in which it is appropriate for health authorities or trusts to engage outside advisers or consultants in the preparation of PFI proposals; and if he will make a statement. [5815]

Mr. Milburn: Guidance on the appointment of external consultants and advisers is given in the "National Health Service Capital Investment Manual" (HSG(94)31 published in 1994) in the sections "Business Case Guide" and "Management of Construction Projects". The "Guide to Procedures for the Commissioning of Building and Engineering Consultants" issued as part of "Concode" (published 1983) also gives advice. Advice is also available in "5 Steps to the Appointment of Advisers to PFI Projects" (published May 1996) which was issued by the private finance panel.

We will be examining the use of external advisors in our review of PFI.

Elmstead House, Hendon

Mr. Dismore: To ask the Secretary of State for Health when the report into the deaths at Elmstead House, Hendon, will be published. [5663]

Mr. Milburn: We understand that Barnet health authority currently expects the report of the review panel to be published in late July or early August this year.

Health Service Professionals

Ann Clwyd: To ask the Secretary of State for Health if he will assess the *(a)* advantages and *(b)* disadvantages of self employed status for national health service (i) general practitioners, (ii) pharmacists, (iii) dentists and (iv) opticians. [5660]

Mr. Milburn: Self-employment has both advantages and disadvantages for both the national health service and the contractors concerned, who will take these into account when making decisions on how best to pursue their professions.

The national health service already directly employs doctors, dentists, pharmacists and optometrists in the hospital and community health sectors.

The national health service Acts currently require health authorities to arrange for the provision of primary care, generally through independent contractors. Pilots that may be introduced under the NHS (Primary Care) Act 1997 could extend to doctors and dentists options for salaried service in this sector.

BSE

Mr. Rooney: To ask the Secretary of State for Health if he has received further advice from the Spongiform Encephalopathy Advisory Committee on the scientific evidence on the possibility of a link between bovine spongiform encephalopathy and new variant Creutzfeldt-Jakob disease. [6573]

Mr. Dobson: The Spongiform Encephalopathy Advisory Committee (SEAC) considered this issue at its meeting on 23 May 1997 and has since produced a statement entitled, "Research Into The Link Between BSE and nvCJD" (SEAC, June 1997). The statement summarises the key research results on the question of whether there is a causal link between bovine spongiform encephalopathy (BSE) and new variant Creutzfeldt-Jakob disease (nvCJD) which have emerged since March 1996 when SEAC first concluded that the most likely explanation for the cases of the new variant CJD was exposure to BSE before the introduction of the Spongiform Bovine Offals ban in 1989. The statement concludes that the evidence that has accumulated since the March 1996 announcement is consistent with the hypothesis that nvCJD is caused by exposure to the BSE agent, and that no evidence refuting the hypothesis that nvCJD is caused by exposure to the BSE agent, and that

no evidence refuting the hypothesis has yet come to light. However, SEAC regard the evidence to date as insufficient to constitute formal scientific proof of a causative link, and that further data are required before a firm conclusion can be reached. A copy of the statement has been placed in the Library.

Blood Centre, Liverpool

Ms Ellman: To ask the Secretary of State for Health what representations he has received *(a)* during the consultation process and *(b)* subsequently from medical consultees on the clinical implications of proposals to remove blood processing and testing from the Liverpool blood centre. [5653]

Mr. Boateng: The consultation process relating to the plans for the reorganisation of the National Blood Service took place in 1994–95. Separate records were not kept on the make-up of those commenting. Since 1 May 1997, one clinician has written with views on the proposed changes at the Liverpool blood centre.

Hospitals (London Review)

Mr. Mackinlay: To ask the Secretary of State for Health what is the geographical area for hospitals within the London review; and on what basis that area was determined. [5715]

Mr. Milburn: The review covers services provided within the area of Greater London.

Basildon and Thurrock Hospital Trust

Mr. Mackinlay: To ask the Secretary of State for Health (1) if he will list the towns of residence of each of the non-executive directors of the Basildon and Thurrock hospital trust; [5710]

(2) what are the termination dates of the contracts for the existing non-executive directors of the Basildon and Thurrock hospital trust; and when he expects advertisements will be published inviting applications to fill the next vacancies that occur. [5711]

Mr. Milburn: The information requested is provided in the table:

	Post town	*Appointment dates*	
		From	*To*
Chairman			
Mr. Ian Macpherson	Ingatestone	1 December 1993	30 November 1997
Non-executive directors			
Mr. Derek Harman	Benfleet	1 December 1995	30 November 1997
Mrs. Joan Sladden	Brentwood	1 December 1993	30 November 1997
Mr. Peter Wallis	Grays	1 December 1994	30 November 1998
Mr. Melvyn Lambert	Hornchurch	1 December 1996	30 November 1998
Ms Fiona East	Brentwood	1 December 1996	30 November 1998

An advertisement for the chairmanship appointment appeared in the *Sunday Times* on 29 June 1997. Two more advertisements will be placed in *The Guardian* on 2 July 1997, and *The Times* on 3 July 1997. The two non-executive director posts will be advertised in the local press shortly.

Mr. Mackinlay: To ask the Secretary of State for Health which *(a)* royal colleges and *(b)* other bodies have indicated that they may withdraw accreditation for teaching of staff employed by the Basildon and Thurrock hospital trust if services are not transferred to Basildon hospital from (i) Orsett hospital and (ii) other locations. [5713]

Mr. Milburn: We understand from Basildon and Thurrock General Hospitals NHS Trust that the accreditation of training currently undertaken at Basildon hospital is not dependent on services being transferred there from Orsett or other locations.

Mr. Mackinlay: To ask the Secretary of State for Health how many consultants with *(a)* full time contracts and *(b)* part-time contracts with the Basildon and Thurrock hospital trust are permitted under those contracts to work privately at (i) the Nuffield hospital, Brentwood and (ii) other hospitals indicating the total hours they are contracted to work for (1) the trust in each case and (2) in private hospitals. [5714]

Mr. Milburn: We understand from Basildon and Thurrock General Hospitals NHS Trust that it currently employs 69 consultant medical staff. Of these 31 are on whole-time contracts and do 11 sessions a week, 30 are on maximum part-time contracts and do 10 sessions a week, and eight are on part time contracts and do from two to eight sessions a week for the trust. The consultants are employed on nationally agreed terms and conditions which specify their entitlement to undertake private practice. The work plans of every consultant are reviewed annually to ensure that contractual requirements are met and that clinical sessions are allocated to meet local healthcare needs.

Mr. Mackinlay: To ask the Secretary of State for Health if he will place in the Library a copy of the document by which the Basildon and Thurrock hospital trust consulted the Burma Star Association over its intention to seek planning permission for residential development at Orsett of land containing the Burma Star Association's garden of remembrance. [5716]

Mr. Milburn: We understand from Basildon and Thurrock General Hospitals NHS trust that the planning documents prepared so far deal with the principles of land use. Matters relating to the layout of the land are reserved, and Parties having an interest in the site will be consulted as appropriate.

Mr. Mackinlay: To ask the Secretary of State for Health if he will list the terminal dates of the fixed term contracts for each of the executive directors of the Basildon and Thurrock hospital trust. [5709]

Mr. Milburn: We understand from Basildon and Thurrock General Hospitals NHS trust that each of the executive directors is on an 18-month rolling contract subject to regular formal review by the remuneration committee.

Cot Deaths

Mr. Öpik: To ask the Secretary of State for Health when he expects the expert group on cot deaths chaired by lady Limerick to publish its final report; if he will ask

the group to research the cause of levels of antimony and phosphorus compounds in infants; and if he will make a statement. [5844]

Mr. Boateng: The expert group on cot death theories has the following terms of reference:

> "To review the findings of the report on "Sudden Infant Death Syndrome" (the "Turner report", 1991) and any subsequent data on hypotheses linking antimony with unexplained deaths in infants; and to advise the CMO on what further studies should be undertaken to investigate postulated causal relationships between chemicals and cot deaths."

The group is expected to publish its final report in December 1997. It has given detailed consideration to all aspects of the theory and have recommended a considerable amount of research work, which has been funded by the Department. Any need for further action will be considered following publication of the report.

NHS Trusts

Mr. Campbell-Savours: To ask the Secretary of State for Health what powers he has to review and terminate the appointment of members of NHS trusts, ambulance trusts and health authorities before the end of their normal appointment period; and in what circumstances he may take such action. [5825]

Mr. Milburn: My right hon. Friend the Secretary of State for Health has powers to terminate the appointment of chairmen or non-executive directors of national health service bodies. The circumstances in which these powers may be used are defined in regulations. Those relating to trusts, including ambulance trusts, are contained within the National Health Service Trusts (Membership and Procedure) Regulations 1990 (Statutory Instrument 1990/2024), as amended by the National Health Service Trusts (Membership and Procedure) Amendment Regulations 1996 (Statutory Instrument 1996/1755). In relation to chairmen and non-executive members of health authorities,

They are contained within the Health Authorities (Membership and Procedure Regulations) 1996 (Statutory Instrument 1996/707). Copies of these regulations are available in the Library.

Euthanasia

Mrs. Ann Winterton: To ask the Secretary of State for Health (1) if he will make a statement on his policy on *(a)* the legislation of euthanasia and *(b)* the granting of legally binding status to advance directives; [6076]

(2) what plans he has to introduce legislation on advance directives, euthanasia, or the treatment of mentally incapacitated adults; and if he will make a statement. [6075]

Ms Jowell: We have no plans to introduce legislation to legalise euthanasia. Advance directives, provided they contain lawful instructions, if validly made and applicable in the circumstances presenting, are already legally binding under the common law. My right hon. and noble Friend, the Lord Chancellor is considering what action to take on the Law Commission's proposals concerning mentally incapacitated adults.

Social and Health Care

Mr. Burstow: To ask the Secretary of State for Health if he will conduct a review of the arrangements for joint working between primary health care providers and social services departments in the commission of social and health care. [5881]

Mr. Boateng: The National Health Service Executive and social services inspectorate, in consultation with relevant bodies, are developing and will shortly be issuing a resource pack to assist local authorities and primary care to develop more effective collaborative arrangements. This will be followed by a series of regional dissemination events.

Tobacco

Mr. Bercow: To ask the Secretary of State for Health (1) what estimate he has made of the likely reduction in smoking resulting from a total ban on *(a)* tobacco advertising and *(b)* tobacco sponsorship; what research his Department has evaluated on this matter; and if he will place this research in the Library. [6304]

(2) what assessment his Department has made of the relative efficiency of *(a)* banning tobacco (i) advertising and (ii) sponsorship and *(b)* other methods in reducing levels of smoking. [6303]

Ms Jowell: There is a significant body of research connecting tobacco advertising with children's smoking, both in predisposing children to start smoking and reinforcing the habit in those who have already started. Research, most recently that commissioned by the Health Education Authority to be published this week, indicates that the percentage of 11 to 15-year-olds who report having seen adverts for cigarettes in the last six months is as high as 96 per cent. Studies have also repeatedly shown that children who smoke choose brands which are most heavily advertised, and there is also evidence that adult consumption is affected by advertising. The 1992 Smee report on the effect of tobacco advertising on consumption found that in individual countries the balance of evidence shows that advertising does have a positive effect on consumption, copies of this report are available in the Library.

Controlling tobacco consumption requires a much wider range of measures if we are to have a real impact and see a significant and lasting reduction. The Government summit on smoking on 14 July will inform the development of a range of policy measures to tackle smoking; the resulting policies will be set out in a White Paper to be published later in the year. An advertising ban is a necessary part of that package of complementary measures.

WALES

Hon. Member for Blaenau Gwent

Mr. Alan Williams: To ask the Secretary of State for Wales what action to be pursued with the Labour Group of Blaenau Gwent Council was discussed between his special adviser and the leader of the council to persuade the hon. Member for Blaenau Gwent (Mr. Smith) not to oppose Welsh devolution. [6256]

Mr. Ron Davies: None.

Mr. Williams: To ask the Secretary of State for Wales from where his special adviser phoned *(a)* the hon. Member for Blaenau Gwent about his opposition to devolution and *(b)* the leader of Blaenau Gwent Council about the same subject; what discussion he had with his special adviser on the subject of the call prior to it being made; and which (i) Minister and (ii) officials were present when they were made. [6257]

Mr. Davies: My special adviser phoned the hon. Member for Blaenau Gwent at my request, and without further discussion with me he then phoned the Leader of Blaenau Gwent Council. Both calls were made from the Welsh Office and neither Ministers nor officials were present.

Mr. Williams: To ask the Secretary of State for Wales what discussion *(a)* he and *(b)* his special adviser has had with the leader of Blaenau Gwent Council about the allegations made by the hon. Member for Blaenau Gwent in respect of his special adviser's earlier phone call. [6258]

Mr. Davies: After recent reports in the media the leader of Blaenau Gwent Council contacted me to assure me that he did not regard the conversation he had with my special adviser as threatening or intimidating in any way. He undertook to write to me to that effect. My special adviser has since spoken to him to obtain a copy of this letter, but there was no discussion of the allegations made by the hon. Member for Blaenau Gwent.

Mr. Williams: To ask the Secretary of State for Wales if he will list his engagements, with times, on the days of the phone calls which are the subject of allegations by the hon. Member for Blaenau Gwent. [6259]

Mr. Davies: The precise dates of the telephone calls subject to various allegations are not known, so I cannot list my engagements.

Building Waste (Dumping)

Mr. Ieuan Wyn Jones: To ask the Secretary of State for Wales how many incidents of the illegal dumping of waste material by building companies have been investigated by the Environment Agency in Wales in the past year; and how many have led to prosecutions. [5882]

Mr. Win Griffiths: That is a matter for the Environment Agency. I have asked the Regional General Manager to write to the hon. Member, and will place a copy of his reply in the Library of the House.

Wildlife Protection

Mr. Flynn: To ask the Secretary of State for Wales how many *(a)* arrests, *(b)* prosecutions and *(c)* convictions have been recorded under the Wild Mammals (Protection) Act 1996 in Wales since its introduction, broken down by local authority; and if he will make a statement. [5704]

Mr. Michael: I have been asked to reply.

Information on the number of people arrested for specific offences is not collected centrally.

Information on court proceedings under the Wild Mammals (Protection) Act 1996, which came into force on 29 April 1996, will first become available this autumn. That information will be by police force area and not by local authority area.

Mr. Flynn: To ask the Secretary of State for Wales how many *(a)* arrests, *(b)* prosecutions and *(c)* convictions have been recorded under the Protection of Badgers Act 1992 in Wales in each year since 1992, broken down by local authority; and if he will make a statement. [5707]

Mr. Michael: I have been asked to reply.

Information on the number of people arrested for specific offences is not collected centrally.

Available court proceedings data, by police force area, are given in the table below. 1996 information will be available in the autumn.

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Sections 1 to 5 and 10[1]							
	1992		*1993*		*1994*		*1995*	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
Avon and Somerset	—	—	—	—	—	—	2	2
Cheshire	2	2	—	—	4	4	—	—
Cleveland	4	2	2	2	—	—	—	—
Cumbria	1	—	—	—	5	3	1	—
Derbyshire	3	3	4	—	1	—	1	1
Devon and Cornwall	8	—	1	—	—	—	—	—
Dorset	—	—	1	1	—	—	—	—
Essex	—	—	4	—	—	—	2	1
Gloucestershire	—	—	—	—	1	—	—	—
Greater Manchester	—	—	—	—	—	—	—	—
Hampshire	3	—	2	2	1	—	6	—
Hertfordshire	1	1	1	1	4	4	—	—
Humberside	4	4	3	3	—	—	3	2
Kent	—	—	—	—	—	—	1	—
Lancashire	—	—	—	—	—	1	1	1
Leicestershire	1	1	—	—	—	—	—	—
Lincolnshire	—	—	4	4	—	—	—	—
Merseyside	—	—	1	1	—	—	—	—
Metropolitan Police	—	—	—	—	—	—	—	—
Norfolk	—	—	—	—	—	—	—	—

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Sections 1 to 5 and 10[1]							
	1992		1993		1994		1995	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
North Yorkshire	—	—	7	2	—	—	1	1
Northumbria	2	2	—	—	—	—	3	3
Nottinghamshire	—	—	—	—	—	—	2	2
South Yorkshire	2	—	3	2	—	—	—	—
Staffordshire	—	—	1	—	2	—	8	6
Suffolk	—	—	1	—	—	—	—	—
Surrey	—	—	—	—	—	—	—	—
Sussex	1	—	6	1	3	3	—	—
Warwickshire	—	—	—	—	—	—	—	—
West Mercia	9	7	2	—	4	4	2	2
West Yorkshire	1	1	2	1	7	3	—	—
Wiltshire	—	—	1	—	—	—	—	—
England	42	23	46	20	32	22	33	21
Dyfed Powys	2	2	—	—	—	—	5	3
Gwent	—	—	—	—	—	—	—	—
North Wales	3	3	2	2	7	5	3	3
South Wales	3	—	—	—	—	—	—	—
Wales	8	5	2	2	7	5	8	6
England and Wales	50	28	48	22	39	27	41	27

[1] Offences of cruelty to badgers and special protection for badgers and their setts.

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Section 13[1]							
	1992		1993		1994		1995	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
Avon and Somerset	—	—	—	—	—	—	—	—
Cheshire	—	—	—	—	—	—	—	—
Cleveland	1	1	—	—	—	—	—	—
Cumbria	—	—	—	—	—	—	—	—
Derbyshire	—	—	—	—	—	—	—	—
Devon and Cornwall	1	1	1	1	1	1	—	—
Dorset	—	—	—	—	—	—	—	—
Essex	—	—	—	—	1	1	—	—
Gloucestershire	—	—	—	—	—	—	—	—
Greater Manchester	1	1	—	—	2	2	—	—
Hampshire	—	—	—	—	—	—	—	—
Hertfordshire	—	—	—	—	—	—	—	—
Humberside	—	—	—	—	—	—	—	—
Kent	—	—	2	2	—	—	—	—
Lancashire	—	—	—	—	—	—	—	—
Leicestershire	—	—	—	—	—	—	—	—
Lincolnshire	—	—	—	—	—	—	—	—
Merseyside	—	—	1	—	—	—	—	—
Metropolitan Police	—	—	2	—	1	—	—	—
Norfolk	—	—	—	—	1	1	—	—
North Yorkshire	—	—	—	—	—	—	—	—
Northumbria	—	—	—	—	—	—	—	—
Nottinghamshire	—	—	—	—	—	—	1	—
South Yorkshire	—	—	—	—	—	—	—	—
Staffordshire	1	1	—	—	—	—	1	1
Suffolk	—	—	—	—	1	1	—	—
Surrey	—	—	—	—	—	—	2	2
Sussex	2	1	—	—	1	1	—	—
Warwickshire	—	—	—	—	1	—	—	—
West Mercia	1	1	6	6	—	—	1	1
West Yorkshire	4	2	—	—	1	1	1	1
Wiltshire	—	—	—	—	—	—	—	—
England	11	8	12	9	10	8	6	5

Number of defendants prosecuted at magistrates' courts and convicted at all courts for offences under the Protection of Badgers Act 1992 by type of offence and police force area 1992–95

	Section 13[1]							
	1992		1993		1994		1995	
Police force area	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*	*Pros*	*Con*
Dyfed Powys	—	—	—	—	1	—	1	1
Gwent	1	1	—	—	—	—	—	—
North Wales	—	—	—	—	—	—	—	—
South Wales	—	—	—	—	—	—	—	—
Wales	1	1	—	—	1	—	1	1
England and Wales	12	9	12	9	11	8	7	6

[1] Offence of failing to give up dog for destruction or having custody of a dog while disqualified (Powers of court where dog used or present at commission of offence under Sections 1, 2 or 3 of the Act).
Pros = Prosecutions, Con = Convictions.

AGRICULTURE, FISHERIES AND FOOD

Cattle Tags

Mr. Stunell: To ask the Minister of Agriculture, Fisheries and Food if he will seek agreement from the European Commission for double tagging of cattle to include at least one metal tag. [5453]

Mr. Rooker: We have made the European Commission aware of the preference of many UK farmers for continued use of metal ear tags for cattle.

BSE

Ann Clwyd: To ask the Minister of Agriculture, Fisheries and Food when the contract for research into a diagnostic test for BSE with Electrophoretic International ended; for what reasons it was not renewed; and what plans he has to place future contracts with the company. [5801]

Mr. Rooker: MAFF has a collaborative agreement with Electrophoretic International (EI) which was effective from 22 December 1995 for one year. Certain clauses of the agreement continue to operate. MAFF will continue to treat the company in the same way as all other bodies in relation to research and supply of materials. There are no plans for any further contracts with EI.

Ann Clwyd: To ask the Minister of Agriculture, Fisheries and Food on what basis the contract between his Department for research into a diagnostic test for BSE was tendered; how many other tenders were received; and what was the role of Ministers in the decision to award the contract to Electrophoretic International. [5800]

Mr. Rooker: The nature of the agreement between MAFF and Electrophoretic International (EI) was one of collaboration. The Ministry did not commission any work from EI. This was not a "contract to develop a diagnostic test" and a tendering process was not relevant.

Ann Clwyd: To ask the Minister of Agriculture, Fisheries and Food if he will place in the Library a copy of the contract between his Department and Electrophoretics International covering work to develop a diagnostic test for BSE and a copy of his Department's evaluation of the work. [5798]

Mr. Rooker: MAFF has no contract with Electrophoretics International (EI) to develop a diagnostic test for BSE. We did, however, have an agreement with EI which was one of collaboration. As required by the terms of this agreement, we wrote to EI on 14 March requesting their agreement in writing to our placing a copy in the Library of the House. EI are currently reviewing their position in the light of their commercial position.

Since no work was commissioned by MAFF from EI, no evaluation has been made.

Ann Clwyd: To ask the Minister of Agriculture, Fisheries and Food how much has been paid to Electrophoretics International by his Department for work on a diagnostic test for BSE. [5802]

Mr. Rooker: No money was paid to Electrophoretics International as the Ministry had not commissioned any work from them.

Ann Clwyd: To ask the Minister of Agriculture, Fisheries and Food what meetings took place between his Department and representatives of Electrophoretics International *(a)* prior to the contract for research into a diagnostic test for BSE being let, *(b)* during the lifetime of the contract and *(c)* after the expiry date of the contract; and if he will place copies of the papers and minutes of these meetings in the Library. [5799]

Mr. Rooker: The agreement was signed on 22 December 1995 and has not expired in respect of all its provisions. MAFF officials attended two meetings with Electrophoretics International (EI) representatives prior to the signing of the agreement and two meetings subsequently. This is in addition to contact between scientists from Veterinary Laboratory Agency, Weybridge and EI on research collaboration as provided for in the agreement.

Under the terms of the agreement, we would need the consent of EI before papers on such meetings could be placed in the Library of the House.

Ann Clwyd: To ask the Minister of Agriculture, Fisheries and Food which *(a)* companies and *(b)* other bodies have been commissioned by his Department to undertake research into a diagnostic test for BSE. [5797]

Mr. Rooker: The following organisations have been funded by MAFF to undertake work into finding a diagnostic test for BSE:

Veterinary Laboratory Agency
Institute for Animal Health
Birmingham University

London Hospital Medical College

Animal Health Trust

Moredun Research Institute

University of Edinburgh

Institute for Grassland and Environment Research.

A further contract with Newcastle University is still to be finalised.

An Open Competition for research funding for development of novel methods for the diagnosis of BSE was announced by MAFF to the international scientific community in August 1996. Proposals were reviewed by independent referees and three proposals from UK research laboratories were taken up for funding in January 1997. Two further proposals are being followed up; a joint proposal from two Swiss companies (Paul Scherrer Institute and CSEM, Centre Suisse D'Electronique Etude Microtechnique, S.A.) and the California Institute of Technology.

Hunt Kennels

Mrs. Ballard: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the risk to public health from hunt kennels which are assessed to be unsatisfactory under the BSE enforcement programme. [5669]

Mr. Rooker: No formal assessment has been made of any possible risk to public health arising from failings identified during State Veterinary Service (SVS) audits of the controls under the Specified Bovine Material (SBM) Order 1997. Hunt kennels are required to remove SBM from the carcases of fallen stock which they take from farms and stain and dispatch it under controlled conditions for eventual rendering or incineration. Failings identified by the SVS have related to items such as inadequate staining, storage or record-keeping. These do not pose a risk to public health. Nevertheless immediate remedial action is required to be taken by the operator in all cases, and is subject to a further unannounced visit by the SVS shortly afterwards to check that it has been carried out. Hunt kennels are not permitted to sell for human consumption any of the remainder of the meat recovered from carcases. This is for feeding to the hounds only.

Cumbria Fisheries

Mr. Campbell-Savours: To ask the Minister of Agriculture, Fisheries and Food what powers he has in relation to appointments to Cumbria Fisheries. [5823]

Mr. Morley: The Minister of Agriculture, Fisheries and Food appoints six members of the Cumbria Sea Fisheries Committee. Five fishermen representing as wide a range of interests and geographical distribution within the District as possible and one person with appropriate environmental expertise, have just been appointed for the four-year period ending on 30 June 2001.

Cattle (Payments)

Mr. Pickthall: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement on the future of small weight payments to cattle owners. [6082]

Mr. Rooker: Cattle slaughtered under the Over 30 Months Scheme are eligible for a weight-based payment, currently worth just under 65 pence per kilogram, irrespective of their overall weight. With effect from 4 August payments will be restricted to a maximum weight of 560 kg per animal and the rate for cows will be reduced to a little under 58 pence per kilogram.

Cattle Cull (Compensation)

Mr. Pickthall: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement on the disparity in compensation for cull cattle between *(a)* small cattle, *(b)* Holsteins and *(c)* pedigree continental cattle. [6081]

Mr. Rooker: There is no disparity. At present all cattle slaughtered under the Over 30 Months Scheme attract the same rate of compensation per kilogram. However, with effect from 4 August the payment rate for cull cows will be approximately 7 pence per kilogram lower than the rate applying to all other cattle slaughtered under the scheme and payments will be restricted to a maximum weight of 560 kg per animal.

Seed Companies

Mr. Baker: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement on his policy in respect of the purchase of seed companies by transnational chemical companies. [6003]

Mr. Rooker: Seed production and marketing is increasingly and international business. It is essential that companies have a sufficiently large base to service these needs. I shall continue to monitor the activities of around 1,100 seed merchants, processors and packers who are registered with the Ministry in England and Wales.

Drift Nets

Mr. Baker: To ask the Minister of Agriculture, Fisheries and Food what estimates he has made of (i) the numbers of *(a)* whales, *(b)* dolphins, *(c)* sharks, *(d)* turtles and *(e)* birds caught by accident in drift nets in 1996, and (ii) the percentage of those in each category caught by fishermen of each EU member country; and if he will make a statement. [6004]

Mr. Morley: The information available is from 1995 when Sea Mammal Research Unit observers on the nine English boats in the North-east Atlantic high seas tuna drift net fishery observed 62 hauls. Reported by-catch included:

	Number
(a) Whales	0
(b) Dolphins	46 (from which figure SMRU estimated that the total by-catch by the UK fleet was 165 dolphins)
(c) Turtles	8 (of which 6 were returned alive to the sea)
(d) Birds	9

The observers also reported 1,163 sharks caught, but the majority of these were landed and sold. I do not have equivalent figures for captures by the tuna fishing vessels of other countries.

I am currently considering our policy towards high seas drift nets.

Mr. Baker: To ask the Minister of Agriculture, Fisheries and Food (1) if he will make it his policy to press for an EU-wide ban on the use of drift nets; [6006]

(2) what is his policy in respect of the use of drift nets and the capture of non-target species in such nets. [6008]

Mr. Morley: It is important to distinguish between the types of drift net in use. Coastal salmon drift nets and other small scale inshore drift nets are not believed to have much, if any, adverse environmental impact. The only high seas drift net fishery in which UK vessels take part is the seasonal North-East Atlantic tuna fishery. There is evidence that these drift nets do capture non-target species.

I am currently considering our policy towards high seas drift nets.

Arable Area Payments Scheme

Mr. Tipping: To ask the Minister of Agriculture, Fisheries and Food how many payments of £1 million or more were made under the Arable Area Payments Scheme in 1996. [6300]

Mr. Rooker: Four.

MAFF Service Centres

Mr. Tyler: To ask the Minister of Agriculture, Fisheries and Food (1) which organisations were consulted over his decision to centralise his Department's South West Regional Service Centre's operation at Exeter; [6171]

(2) what has been the cost of maintaining regional service centre activity in Truro in each year since its establishment in 1992. [6172]

Mr. Rooker: None. We have taken this decision to improve the efficiency and effectiveness of the Department. Maintaining the unit at Truro has cost the taxpayer an additional £100,000 a year (at current prices) since 1992.

Grant Applications (Truro)

Mr. Tyler: To ask the Minister of Agriculture, Fisheries and Food how many grant applications have been processed by staff at his Department's Truro office in each year since its establishment in 1992. [6170]

Mr. Rooker: The following numbers of applications and claims have been processed at the Truro office since 1992:

Scheme	*1992*	*1993*	*1994*	*1995*	*1996*	*1997 (To 30 June)*
Farms Grants[2]	1,095	1,655	1,086	687	803	60
West Penwith ESA	200	200	200	200	200	257
Countryside Stewardship[2]	—	—	—	—	888	223
Objective 5b[2]	—	—	—	116	238	135

[2] Includes applications and claims for both Devon and Cornwall. Since 1992 *all* applications and claims for Devon and Cornwall under the Integrated Administration and Control System, the Arable Area Payments Scheme, the Beef Special Premium Scheme, Cattle Passports, the Suckler Cow premium Scheme, the Sheep Annual Premium Scheme, Hill Livestock Compensatory Allowances, the Dartmoor and Blackdown Hills ESAs and to her environmental schemes have been processed at the Ministry's Regional Service Centre at Exeter.

Food Poisoning

Mr. Whittingdale: To ask the Minister of Agriculture, Fisheries and Food how many incidents of food poisoning have been attributed to the sale and consumption of New York dressed poultry in each of the last five years. [5312]

Ms Jowell: I have been asked to reply.

There is no record of any incident of food poisoning implicating New York dressed poultry during the last five years. Although the majority of food poisoning outbreaks are investigated the cause of infection is not always identified. For single (sporadic) cases it is not feasible to investigate the infective vehicle.

Beaufort's Dyke

Dr. Moonie: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement on the dumping of radioactive waste in Beaufort's Dyke. [6461]

Mr. Rooker: Documents recently discovered in the Public Record Office show that small quantities of laboratory waste and luminous materials which fall within the definition of low or intermediate level radioactive waste were dumped in Beaufort's Dyke during the 1950s. The "*Report of the Independent Review of Disposal of Radioactive Waste in the North East Atlantic*" by Professor F. G. T. Holliday, which was placed in the library of the House on its publication in 1984 and on which Ministers have relied in answering subsequent questions in this House, makes no reference to such activities.

Naturally it is regretted that the House was given inaccurate information in the past. Copies of the documents have now been placed in the libraries of both Houses of Parliament. Further searches of the archive records are being undertaken as a matter of urgency and if any new information comes to light we will make it public.

Monitoring undertaken regularly since the early 1960s confirms that this dumping had no measurable effect on radioactivity levels in the area which remain well within internationally agreed safety levels. From 1963 all dumping of radioactive waste was restricted to waters at least 2000m deep and from 1982 the UK ceased all dumping of radioactive waste at sea.

Written Answers to Questions

Wednesday 2 July 1997

HOME DEPARTMENT

Postal Votes

Mr. Burstow: To ask the Secretary of State for the Home Department what his Department plans to spend on advertising the availability of postal votes before the proposed referendums on *(a)* Welsh devolution and *(b)* a greater London authority. [5855]

Mr. George Howarth: There will be no Home Office expenditure for these purposes.

Responsibility for publicity on the availability of postal votes in the Welsh devolution referendum and the referendum on the strategic authority for London will be the responsibility of the Welsh Office and the Department of Environment, Transport and the Regions respectively.

Mr. Burstow: To ask the Secretary of State for the Home Department what his Department spent on advertising the availability of postal votes before the General Election. [5857]

Mr. Howarth: Absent voting facilities were publicised at the general election through a television campaign and advertisements in the national press, at a cost of £700,000.

Firearms

Mr. Colvin: To ask the Secretary of State for the Home Department (1) if sufficient collection centres will be made available in each police constabulary area to ensure that firearm certificate holders do not have to travel unreasonable distances to hand in weapons prohibited by the Firearms (Amendment) Act 1997; [5828]

(2) what guidance he has given to chief constables on reasonable distances between collection centres which are used for weapons to be handed in as a result of the Firearms (Amendment) Act 1997; [5827]

(3) if he will list the police constabularies which intend to make available only one collection centre in their area for weapons which are to be handed in as a result of the Firearms (Amendment) Act 1997. [5830]

Mr. Michael: Decisions about the collection arrangements for weapons and equipment surrendered under the terms of the Firearms (Amendment) Act 1997 are for the chief officer of police for each force area and we are grateful for their co-operation in this important task. The arrangements in place will differ from one area to another, taking into account such factors as the need to ensure public safety, numbers and locations of firearm certificate holders and registered firearms dealers and police resources. These are matters for local decision and we have not sought to establish a central record of the arrangements in each area.

Polling Stations (Disabled Access)

Mr. Öpik: To ask the Secretary of State for the Home Department if he will make a statement on the level of disabled access to polling stations in Wales in the last General Election; and if he will ensure that failures to provide adequate access are remedied before their next use. [6086]

Mr. George Howarth: Information on the accessibility of polling stations in use in Wales for the General Election is not available centrally. County and County Borough Councils in Wales are statutorily required to designate as polling places for parliamentary elections, so far as is reasonable and practicable, only places which are accessible to the disabled. Acting returning officers may apply to the Home Office for grants towards the cost of providing temporary ramps, where it is not possible for them to use a building for the purpose of a polling place at a parliamentary election which affords easy access for the disabled. Grants are also available for specially adapted polling screens for use by the disabled.

The same provisions will apply at the forthcoming referendum to be held in Wales. In this instance, grants will be available from the Welsh Office towards the cost of temporary ramps.

Sex Offenders

Mr. Etherington: To ask the Secretary of State for the Home Department what proposals he has to ensure that children are protected from convicted sex offenders. [5601]

Mr. Michael: The Government give a very high priority to ensuring that children are protected from sex offenders. There are a number of proposals under consideration, including legislating to enable sex offenders on release from prison to be supervised by the probation service for much longer periods of time, and making it an offence for a convicted sex offender to seek work with, or offer services to, children.

We also plan to implement the Sex Offenders Act 1997 as soon as possible. It will require offenders convicted of serious sex offences against children to notify the police of their name and address and any change in these details and we are determined to make sure the information is used to protect children rather than gathering dust in a file or sitting unused on a computer database.

Deportations

Dr. Iddon: To ask the Secretary of State for the Home Department how many people were deported from *(a)* Manchester, *(b)* Gatwick and *(c)* Heathrow airports in each month of 1997. [5871]

Mr. Mike O'Brien *[holding answer 30 June 1997]:* I regret that the information requested is not held centrally.

New Polling Districts

Mr. Barnes: To ask the Secretary of State for the Home Department what estimate he has made of the number of electors who had moved into new polling districts between the commencement of the operation of the current electoral register and the last general election; and if he will make a statement. [6015]

Mr. George Howarth *[holding answer 1 July 1997]:* None. No information is held centrally which would allow such an estimate to be made.

Dangerous and Careless Driving

Mr. Kidney: To ask the Secretary of State for the Home Department how many prosecutions were brought for *(a)* murder or manslaughter and *(b)* causing death by dangerous or careless driving in respect of fatal road traffic accidents in England and Wales in each of the last three years; and in each case how many resulted in (i) conviction and (ii) a custodial sentence. [5967]

Mr. Michael: The table below gives the information requested.

Prosecutions and convictions for murder or manslaughter and causing death by dangerous or careless driving, arising from fatal road traffic accidents

England and Wales 1993–1995 [1]

	Prosecutions	*Convictions*	*Custodial sentence*[2]
1993			
Murder or manslaughter	19	10	10
Causing death by dangerous or careless driving[3]	442	313	226
1994			
Murder or manslaughter	18	—	—
Causing death by dangerous or careless driving[3]	375	307	237
1995			
Murder or manslaughter	13	4	4
Causing death by dangerous or careless driving[3]	369	323	242

[1] Murder or manslaughter cases are tabulated according to the year the offence was initially recorded by the police and causing death by dangerous or careless driving by the year of completion of proceedings.

[2] Young offender institution and unsuspended imprisonment.

[3] Includes offences of causing death by aggravated vehicle taking.

Information for 1996 is not yet available.

Drink Driving

Mr. Kidney: To ask the Secretary of State for the Home Department what plans he has to introduce *(a)* random breath testing of motorists by police, *(b)* a reduction in the current legal limit for drink driving, *(c)* a complete ban on drinking and driving, *(d)* a ban on carrying alcohol in lorry drivers' cabs and *(e)* all-year-round campaigns against drink driving. [5968]

Mr. Michael: We have no plans to introduce random breath testing, a complete ban on drinking and driving or a ban on the carrying of alcohol in lorry cabs.

The law already provides the police with wide powers to test drivers for drinking and driving: they may administer a test in the event of an accident, a moving traffic offence or if they have cause to suspect a driver of having alcohol in his body. These powers are used extensively; in England and Wales in 1996 it has been calculated that some 781,000 roadside breath tests were carried out, the highest number ever.

My noble Friend the Minister with responsibility for roads is currently considering a number of options for improving road safety, including the legal limit for drinking and driving. She will be looking very carefully at the findings of a research study into drink-drive countermeasures throughout the world, which was published by the Portman Group on 1 July.

It is the Government's intention to continue with regular drink-drive publicity campaigns, including at Christmas but not only at Christmas. The police act to identify drink-drive offenders all year round and the number of roadside screening tests and their results are published annually.

Alcohol Consumption (Young People)

Mr. Gordon Marsden: To ask the Secretary of State for the Home Department what plans he has to encourage councils to introduce byelaws to restrict on-street consumption of alcohol by those aged under 18 years. [5944]

Mr. George Howarth: A model byelaw is available to local authorities to prohibit the consumption of intoxicating liquor in designated areas. Byelaws do not apply selectively to particular age groups.

We will be implementing the Confiscation of Alcohol (Young Persons) Act 1997. Under this legislation, a police constable may confiscate alcohol from under-aged drinkers and it will be an offence to refuse to hand over the drink.

Murder Case (Abdul Kamal Samad)

Ms Oona King: To ask the Secretary of State for the Home Department what further internal inquiries are planned into the handling of the murder of Abdul Kamal Samad. [5804]

Mr. Michael: The Commissioner informs me that the Head of Number 2 Area Complaints Unit in the Metropolitan Police District has been appointed to investigate the initial response to Mr. Samad's murder, which occurred on 21 May 1997. Upon receipt of his report, a decision will be made as to whether a full disciplinary enquiry is required. At this stage no formal complaint against a Metropolitan Police officer has been made. The murder of Mr. Samad is currently being investigated by a team of detectives.

Stephen Lawrence

Mr. Winnick: To ask the Secretary of State for the Home Department if he will make a statement on his meeting with the parents of Stephen Lawrence. [5679]

Mr. Straw: I met Mr. and Mrs. Lawrence on 24 June. I was deeply moved listening to the tragic circumstances surrounding the death of their son Stephen. We also discussed broader issues, including racially motivated crime and the relationship between the police and ethnic minority communities. I recognise that a strong case has been made by Mrs. Lawrence for some form of inquiry and I am actively considering what she put to me. I will also consider carefully the other issues that were raised during our meeting and reflect on the best way to address the widespread concern resulting from this case. I hope to make an announcement soon.

Sentencing (Class A Drug Users)

Mrs. Ballard: To ask the Secretary of State for the Home Department what plans he has to review mandatory drug sentences for Class A drug users, including first time offenders. [5668]

Mr. Michael: We will make an announcement as soon as possible about implementation of provisions in the Crime (Sentences) Act 1997 which establish minimum sentences of seven years' imprisonment for those convicted for a third time of trafficking in class A drugs.

Polling Stations (School Closures)

Mr. Denzil Davies: To ask the Secretary of State for the Home Department if he will publish the number and percentage of schools in Wales which were closed, wholly or partly, on 1 May for use as polling stations; and what percentages of pupils were affected. [6072]

Mr. George Howarth: Information of the kind is not collected centrally either by my Department or by the Welsh Office.

Youth Justice Task Force

Mr. Burnett: To ask the Secretary of State for the Home Department if he will list the ages of the members of the Youth Justice task force; and what plans he has to ensure that there is representation of young people's organisations on the task force. [6328]

Mr. Michael: The ages of the task force members are listed below. Members are appointed on the basis of their relevant knowledge, experience and individual merit rather than to represent particular organisations.

William Atkinson: 47

Jonathan Black: 40

Cathryn Bowker: 37

Anthony Butler: 52

Paul Cavadino: 48

Ann Fuller: 60

Cedric Fullwood: 57

Thomas Luce: 57

Jenny Rowe: 41

Ian Johnston: 51

John Lyon: 49

David Norgorve: 49

Teresa Reynolds: 41

Denise Platt: 52

Norman Warner: 56

Joan Webster: 52

Geoffrey Wicks: 62

Andrew Williamson: 49.

Police Areas

Mr. Ian Taylor: To ask the Secretary of State for the Home Department what procedures govern the transfer of areas from one police force area to another. [6224]

Mr. Michael: These procedures are set out in sections 32 to 34 of the Police Act 1996. The main points are as follows:

The Secretary of State may by order make alterations in police areas in England and Wales, other than the City of London police area. These alterations may result in increases or reductions in the number of police areas, but not in the abolition of the Metropolitan Police District.

The Secretary of State may not exercise this power unless either he has received a request to make the alterations from each of the police authorities affected or if it appears to him to be expedient to make the alterations in the interests of efficiency or effectiveness.

The Secretary of State must give notice of his proposed alterations to the police authorities and local authorities for every area affected. He must consider their objections and give further notice stating whether he accepts the objections and, if he does not, giving his reasons.

EDUCATION AND EMPLOYMENT

EU Education Council

Mr. Jim Cunningham: To ask the Secretary of State for Education and Employment what were the outcomes of the Council of EU Education Ministers held on 26 June. [6786]

Mr. Andrew Smith: The Council of Education Ministers, at which my noble Friend the Minister for Education and Employment and my hon. Friend the Minister for Education and Industry, Scottish Office represented the UK, reached agreement on the adoption of a common position on the European Commission proposal to increase the budget of the SOCRATES education programme. The common position will provide for the budget to increase from 850 million ECU[1] over 5 years to 875 million ECU[2].

The Council adopted Conclusions on Safety at School, on Information and Communications Technology and Teacher Training, and on the Commission White Paper "Teaching and Learning: Towards the Learning Society". The Council received reports on the Commission's draft Recommendation on Quality Assurance in Higher Education and on the Fifth Research and Development Framework Programme.

Ministers also discussed the Commission Green Paper "Education, Training, Research: The Obstacles to Transnational Mobility" and language teaching.

The Council minutes will be placed in the Library as soon as they become available.

Notes:

[1] £596.3 million at £1 = 0.7015 ECU.

[2] £613.8 million at £1 = 0.7015 ECU.

EU Social Affairs Council

Mr. Darvill: To ask the Secretary of State for Education and Employment if he will make a statement on the outcome of the EU Social Affairs Council on 27 June. [6785]

Mr. Blunkett: The UK was represented by the Minister of State, Department of Trade and Industry, the Minister for Employment and Disability Rights and me.

The UK was welcomed to the Government's first Social Affairs Council by the Presidency, at the start of the meeting. I replied by setting out the Government's intention to take a positive approach to European employment and social affairs matters, including playing a full part in discussions of matters being taken forward under the Social Chapter. I also set out the Government's view that the key should be to tackle unemployment, particularly by taking action to develop people's employability and to promote labour market flexibility.

Political agreement was reached on the common position of the draft Directive on the Burden of Proof in sex discrimination cases, incorporating UK amendments bringing the Directive into line with the approach of UK Courts in this field.

The Council also reached political agreement on the proposed Directive on Chemical Agents, which will lay down minimum standards for the protection of workers from exposure to chemical agents.

There was discussion of the Commission's follow-up to its 1995 Communication on social protection. The UK highlighted the need for innovative approaches to moving people out of dependency and into work.

The Council also discussed the report of the Davignon Group on employee involvement in the European Company Statute and agreed Council Conclusions which note the contribution of the Report. They also agree that detailed discussion of the Statute should continue.

The Council noted the Presidency report on action in the context of the French memorandum submitted to the Turin European Council in 1996. The Commission gave information on the social partners' discussions of information and consultation in the context of industrial restructuring and on progress in the area of the social dialogue. Presentations were also given on the European Social Fund and on the Commission's report on access to continuing training.

Education Authority Reserves

Mr. Don Foster: To ask the Secretary of State for Education and Employment if he will list for each education authority in England, and by class and in total, the amount of balances held in reserve for each year since 1990. [6342]

Mr. Byers: Local education authorities have reported the information set out in the following tables on the level of general fund revenue reserves held each year since 1990. The figures include reserves held by schools under local management, and funds, which may be substantial, held for specific purposes which may not be available for general expenditure. Comparisons made between financial years may be affected by changing accountancy practices, particularly the reclassification of some provisions as reserves.

Reserves for LEAs

£ million

	At 1 April 1990	*At 1 April 1991*	*At 1 April 1992*	*At 1 April 1993*	*At 1 April 1994*	*At 1 April 1995*	*At 1 April 1996*
City of London	201.8	171.6	173.0	195.7	232.8	221.1	221.9
Camden	17.3	–1.0	–7.3	0.7	7.0	18.7	36.5
Greenwich	24.6	17.8	17.9	11.8	35.5	39.7	45.1
Hackney	–0.5	1.2	0.6	4.3	7.4	8.1	8.3
Hammersmith and Fulham	34.4	35.5	30.4	17.9	22.6	17.1	16.5
Islington	9.9	–2.5	6.9	0.3	–0.6	2.6	8.1
Kensington and Chelsea	10.1	8.5	4.4	20.5	43.4	62.8	66.4
Lambeth	–4.7	–16.3	–14.8	–7.5	3.1	–17.0	–19.7
Lewisham	8.9	–2.1	–3.7	3.0	6.2	7.6	21.2
Southwark	12.6	10.2	6.0	7.8	30.9	47.5	51.9
Tower Hamlets	26.4	20.7	21.7	18.9	23.1	27.6	19.0
Wandsworth	53.1	50.9	46.4	32.1	57.4	23.9	43.6
Westminster	15.7	15.9	24.5	27.9	32.4	44.6	40.1
Barking and Dagenham	47.0	44.8	34.7	40.7	45.4	49.0	50.6
Barnet	16.0	6.9	9.9	13.8	32.3	44.5	45.3
Bexley	14.6	0.0	3.7	7.8	13.4	15.0	14.1
Brent	9.1	8.1	7.1	5.6	5.6	9.4	6.4
Bromley	36.8	39.4	38.2	58.4	77.2	78.0	74.5
Croydon	55.1	39.7	44.5	30.2	49.8	58.5	52.2
Ealing	0.0	–8.2	3.8	23.4	43.5	46.1	33.6
Enfield	0.0	9.1	7.3	19.6	41.7	48.3	50.2
Haringey	–0.5	–6.9	–6.7	4.0	16.7	17.4	27.4
Harrow	11.9	7.4	12.9	21.2	27.5	29.9	26.7
Havering	20.5	20.0	15.0	14.8	24.8	26.2	28.1
Hillingdon	31.1	11.0	1.1	5.5	12.3	14.4	11.6
Hounslow	39.9	29.7	18.5	12.1	13.1	14.1	10.8
Kingston upon Thames	9.1	5.6	3.6	4.1	8.0	10.9	10.1
Merton	36.6	18.1	13.2	11.1	19.1	12.9	6.3
Newham	3.4	2.9	6.4	13.5	40.5	45.3	59.0
Redbridge	5.4	0.6	3.4	11.4	20.3	18.7	19.8
Richmond upon Thames	–14.0	4.9	3.0	7.3	16.6	20.0	15.8
Sutton	9.0	9.2	6.5	8.3	15.8	14.4	15.0
Waltham Forest	2.1	2.1	2.4	10.4	17.6	16.8	13.2
Bolton	8.8	3.2	11.2	10.3	16.9	19.5	20.6
Bury	10.9	9.0	5.0	5.8	13.5	14.1	10.9

Reserves for LEAs

£ million

	At 1 April 1990	At 1 April 1991	At 1 April 1992	At 1 April 1993	At 1 April 1994	At 1 April 1995	At 1 April 1996
Manchester	31.7	4.0	19.0	–2.5	13.2	21.1	20.9
Oldham	9.1	31.6	34.1	40.0	34.4	25.4	21.5
Rochdale	11.1	3.6	2.4	5.3	16.9	16.7	17.6
Salford	10.4	2.0	0.0	6.6	24.0	28.2	27.8
Stockport	8.4	6.4	6.4	18.7	27.0	28.9	27.1
Tameside	16.3	8.4	4.0	0.8	6.3	10.5	12.1
Trafford	14.7	14.3	15.5	18.1	52.9	55.3	62.3
Wigan	8.9	13.1	7.2	11.5	32.1	33.8	36.0
Knowsley	2.3	0.2	1.2	3.8	8.0	12.5	13.9
Liverpool	–2.1	0.0	–3.9	9.9	12.6	9.0	4.4
St. Helens	15.8	18.3	9.2	11.6	13.5	13.4	14.2
Sefton	7.0	4.8	3.9	6.0	8.6	10.4	6.3
Wirral	13.2	0.0	1.4	6.4	9.1	13.8	11.8
Barnsley	14.1	19.8	21.6	20.5	21.4	15.7	15.9
Doncaster	17.5	8.0	4.6	23.7	39.9	41.1	41.2
Rotherham	8.8	7.8	21.6	19.9	18.3	25.2	17.2
Sheffield	109.5	0.0	15.5	16.1	14.2	8.9	5.4
Gateshead	33.9	25.0	23.3	22.3	19.7	30.0	21.5
Newcastle upon Tyne	23.7	8.3	8.9	24.4	40.7	40.7	36.7
North Tyneside	6.8	3.9	2.9	3.2	10.3	11.8	12.4
South Tyneside	16.4	10.3	9.9	10.3	11.7	12.8	9.9
Sunderland	9.7	24.8	24.6	22.7	32.3	31.5	26.6
Birmingham	25.4	24.1	29.9	65.5	114.2	89.6	50.9
Coventry	0.0	24.5	11.0	13.8	66.1	73.1	68.4
Dudley	10.8	11.7	17.5	17.1	31.8	30.1	28.7
Sandwell	0.0	0.0	7.3	20.5	34.4	30.8	31.6
Solihull	4.1	14.8	7.0	23.7	30.6	18.1	22.9
Walsall	0.0	32.4	23.3	18.6	18.8	19.3	13.0
Wolverhampton	4.8	4.2	3.3	12.3	32.6	44.1	43.9
Bradford	5.8	3.5	4.8	10.9	27.5	22.8	12.1
Calderdale	5.7	11.6	8.3	11.0	12.7	12.5	10.1
Kirklees	12.0	14.8	7.4	16.7	26.3	32.5	27.8
Leeds	18.3	15.1	12.5	21.9	53.5	82.2	71.3
Wakefield	18.7	13.4	9.5	17.5	32.3	34.7	23.7
Avon	12.8	13.3	11.6	19.8	48.8	26.7	0.0
Bedfordshire (old)	13.2	15.7	16.9	22.2	25.7	21.6	16.8
Berkshire	4.5	7.9	17.0	72.1	58.0	61.8	58.3
Buckinghamshire (old)	26.7	0.0	27.5	38.0	46.8	51.7	52.5
Cambridgeshire	22.2	58.5	48.1	53.8	55.8	55.5	49.4
Cheshire	4.2	41.9	27.9	50.2	78.6	67.1	63.5
Cleveland	9.7	7.4	4.8	13.4	22.9	27.8	0.0
Cornwall	23.4	28.4	33.1	24.8	51.1	45.4	47.7
Cumbria	3.3	10.1	14.2	12.4	18.5	19.8	25.6
Derbyshire (old)	0.0	0.0	11.3	21.1	24.5	23.1	23.9
Devon	46.8	52.8	47.9	47.1	45.1	36.5	34.2
Dorset (old)	5.7	14.4	7.8	4.3	19.0	25.3	24.8
Durham (old)	22.4	23.9	22.0	19.3	20.1	20.9	30.1
East Sussex (old)	27.4	8.9	16.4	21.6	30.1	42.9	41.5
Essex	26.8	18.1	39.4	45.4	90.1	120.1	104.8
Gloucestershire	2.4	2.4	3.9	13.8	23.5	25.0	26.1
Hampshire (old)	7.4	29.9	52.9	74.2	83.0	92.1	70.7
Hereford and Worcester	7.4	6.2	5.4	22.2	36.4	38.2	35.4
Hertfordshire	13.0	19.4	25.6	42.0	82.6	85.2	75.9
Humberside	19.4	27.5	27.7	25.0	35.2	37.1	0.0
Isle of Wight	1.3	5.0	4.1	4.7	5.0	0.0	0.0
Kent	19.8	30.4	20.5	33.9	62.2	67.1	57.2
Lancashire	12.8	21.3	26.2	69.4	73.1	61.5	47.1
Leicestershire (old)	28.8	24.2	20.0	15.3	31.2	35.3	26.9
Lincolnshire	44.9	50.9	42.9	42.3	48.4	39.9	29.6
Norfolk	13.1	13.1	13.1	31.0	83.1	85.9	77.4
North Yorkshire (old)	38.8	38.7	34.4	33.9	36.6	42.0	0.0
North Yorkshire	0.0	0.0	0.0	0.0	0.0	0.0	27.1
Northamptonshire	9.3	9.1	9.1	37.9	28.1	33.4	32.9
Northumberland	19.5	24.8	23.2	19.8	25.7	25.4	26.8
Nottinghamshire	0.0	0.0	6.5	81.6	73.8	55.2	32.1
Oxfordshire	16.2	10.5	12.0	25.6	48.4	34.1	25.8
Shropshire	9.7	13.7	9.9	12.4	22.1	14.8	10.2
Somerset	14.7	15.9	28.2	28.3	40.6	41.9	34.3
Staffordshire (old)	13.2	17.1	16.5	20.7	69.9	87.2	78.1
Suffolk	9.7	9.8	16.1	34.5	42.6	52.2	46.6
Surrey	8.7	15.9	41.7	59.0	99.7	86.2	64.4
Warwickshire	19.2	12.8	7.4	32.2	34.7	26.4	30.1
West Sussex	39.5	7.2	7.9	27.9	29.4	34.4	23.4
Wiltshire (old)	0.0	25.4	9.4	20.0	38.8	42.7	31.7
Isles of Scilly	0.5	0.0	0.6	0.7	1.2	1.7	2.1

Reserves for LEAs

£ million

	At 1 April 1990	At 1 April 1991	At 1 April 1992	At 1 April 1993	At 1 April 1994	At 1 April 1995	At 1 April 1996
Bath and North East Somerset UA	0.0	0.0	0.0	0.0	0.0	0.0	8.7
Bristol UA	0.0	0.0	0.0	0.0	0.0	0.0	4.0
South Gloucestershire UA	0.0	0.0	0.0	0.0	0.0	0.0	27.5
North Somerset UA	0.0	0.0	0.0	0.0	0.0	0.0	25.5
Hartlepool UA	0.0	0.0	0.0	0.0	0.0	0.0	5.4
Middlesborough UA	0.0	0.0	0.0	0.0	0.0	0.0	6.0
Redcar and Cleveland UA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stockton on Tees UA	0.0	0.0	0.0	0.0	0.0	0.0	5.3
East Riding of Yorkshire UA	0.0	0.0	0.0	0.0	0.0	0.0	4.0
Kingston upon Hull UA	0.0	0.0	0.0	0.0	0.0	0.0	12.4
North East Lincolnshire UA	0.0	0.0	0.0	0.0	0.0	0.0	6.7
North Lincolnshire UA	0.0	0.0	0.0	0.0	0.0	0.0	9.1
Isle of Wight UA	0.0	0.0	0.0	0.0	0.0	8.8	12.5
York UA	0.0	0.0	0.0	0.0	0.0	0.0	17.6
England	1,873.9	1,683.5	1,737.2	2,495.2	3,810.6	3,913.7	3,657.3
Inner London	409.6	310.3	306.1	333.3	501.0	504.4	558.7
Outer London	333.0	244.3	228.6	323.1	541.4	589.7	570.7
M ts	512.6	396.5	391.3	565.0	978.1	1019.9	898.3
Shires	618.2	732.4	810.5	1,273.1	1,788.8	1,789.2	1,482.6
Unitaries	0.5	0.0	0.6	0.7	1.2	10.5	146.9

1. Data from 1 April 1990 to 1 April 1995 is derived from LEAs' Revenue Summary (RS) returns.
2. Data for 1 April 1996 is derived from LEAs' Revenue Account (RA) budget returns for 1997–98.
3. The figures do not include appropriations to and from reserves during the financial year.
4. The figures include LMS balances for schools and ear-marked funds which are not available for general use.

Discretionary Awards

Mr. Hinchliffe: To ask the Secretary of State for Education and Employment if he will make a statement on the availability of discretionary awards from local education authorities in the United Kingdom and the steps he is taking to encourage young people on low incomes to continue their studies to further education. [5054]

Dr. Howells: Discretionary Awards are a matter for local education authorities. Each local authority is free, in the light of its own priorities, to determine its own budget and how the money is spent. We are committed to reviewing educational finance and maintenance for those older than 16 to ensure higher staying-on rates at school and college and that resources are used to support those most in need.

Brixham and Dartmouth Community Colleges

Mr. Steen: To ask the Secretary of State for Education and Employment when he expects to announce the decision on the application for sixth form status for Brixham and Dartmouth community colleges; and if he will make a statement on the reasons for the delay. [5702]

Dr. Howells *[holding answer 30 June 1997]:* The proposals for sixth forms for these schools are under consideration. We shall announce a decision as soon as possible, consistent with full consideration of the proposals.

Leicestershire Training and Enterprise Council

Mr. Reed: To ask the Secretary of State for Education and Employment what levels of funding Leicestershire training and enterprise council have received in (i) 1994–95, (ii) 1995–96 and (iii) 1996–97; and what level of balances they carried forward in (1) 1994–95; (2) 1995–96 and (3) 1996–97. [6220]

Dr. Howells: The total amounts paid by the Department for Education and Employment to Leicestershire Training and Enterprise Council, and the amounts of reserves carried forward by the TEC are:

£000

Year	*Amount paid*	*Reserves*
1994–95	20,039	5,221
1995–96	20,535	6,473
1996–97	21,638	—

Information on the amount of reserves held by Leicestershire TEC at the end of the 1996–97 financial year is not yet available.

Civil Service

Mr. Laurence Robertson: To ask the Secretary of State for Education and Employment if the Civil Service Compensation Scheme provision for the Principal Civil Service Pension Scheme *(a)* requires or *(b)* permits payments above the statutory minimum to members of staff being made (i) compulsorily and (ii) voluntarily redundant; and to what extent the arrangements for staff taking voluntary early severance or voluntary early retirement differ from those for staff being made voluntarily redundant. [5834]

Dr. Howells: The terms of the Civil Service Compensation Scheme for Principal Civil Service Pension Scheme members require set benefits to be paid to staff made compulsorily or voluntarily redundant. These are usually above the statutory minimum. As explained in my

reply on 16 June, *Official Report*, columns *49–50*, no members of staff have been made either voluntarily or compulsorily redundant from this Department (including the Employment Service) over the last 12 months, but a number have taken voluntary early retirement or voluntary early severance.

Where an early release has been agreed on compulsory terms, there is no difference between these arrangements and those which would apply in the case of redundancy. Where the release has been agreed on flexible terms, the main differences between these and the terms which would apply in the case of voluntary redundancy are in the length of notice required to be given or compensation payment made to those individuals concerned.

PRIME MINISTER

Arms Reduction

Q20. **Mr. Cohen:** To ask the Prime Minister what action the Government are initiating to promote disarmament and non-proliferation. [4976]

The Prime Minister: We are strongly committed to preventing the proliferation of all types of weapons of mass destruction. We shall pursue this vigorously through maintaining and strengthening the relevant treaties (Non-Proliferation Treaty, Chemical Weapons Convention, Biological Weapons Convention) and international export control regimes (Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group).

We have also made clear our commitment to the goal of the global elimination of nuclear weapons and our commitment to press for multilateral negotiations towards mutual, balanced and verifiable reductions in such weapons. We will be considering how best to implement these commitments, particularly in the context of the Strategic Defence Review.

HEALTH

Cystic Fibrosis

Mr. Reed: To ask the Secretary of State for Health what representations he has received about including cystic fibrosis in the list of treatments set out in the NHS (Remission of Charges) Regulations 1988; and if he will make a statement. [6165]

Mr. Milburn: We receive regular representations from Cystic Fibrosis sufferers.

Prescription charges, and all other aspects of Government spending, are being reviewed as part of the Government's Comprehensive Spending Review.

General Practitioners

Dr. Stoate: To ask the Secretary of State for Health what plans he has to improve the recruitment and retention of general practitioners in the national health service. [5869]

Mr. Milburn: We are aware that recruitment and retention difficulties are occurring in some areas. We are talking to the profession about ways in which some of the difficulties might be tackled; in particular how family friendly policies might be pursued.

Fluorosis

Mr. McCabe: To ask the Secretary of State for Health what studies his Department has *(a)* commissioned and *(b)* evaluated into the causes of fluorosis in children; what links have been identified between fluorosis and the fluoridation of water supplies; and if he will make a statement. [5965]

Mr. Milburn: The Department of Health has not itself commissioned any research into the causes of fluorosis in children. Extensive research over many decades undertaken independently of the Department, confirms a link between water fluoridation and dental fluorosis.

Genetic Material (Health Prognoses)

Mr. Gordon Prentice: To ask the Secretary of State for Health what assessment he has made of the implications for the NHS of developments which allow prognosis of an individual's future health based on analysis of genetic material. [5948]

Ms Jowell: The Department of Health and the Medical Research Council are currently jointly establishing an Advisory Group on Scientific Advances in Genetics (AGSAG) to advise the Department and the Medical Research Council on the implications of advances in genetic science for the National Health Service, public health and medical research. AGSAG will advise the Chief Medical Officer and the NHS Director of Research and Development on the likely implications for public health and for the NHS of scientific advances in genetics and will also advise the NHS Executive Board on the establishment and evaluation of innovative genetic services and their longer term development.

The department also takes advice from a number of other specialist bodies including the Advisory Committee on Genetic Testing which advises United Kingdom Health Ministers on genetic testing issues, and the Expert Advisory Group on Cancer which advises the Secretaries of State for Health and Wales and the Chief Medical Officers for England and Wales on the organisation of cancers services including the implications of cancer genetics.

Cannabis

Mr. Gordon Prentice: To ask the Secretary of State for Health (1) what recent discussions he has had with the British Medical Association on the legislation of cannabis for medical use; [6067]

(2) what recent assessment he has made of professional opinion in respect of the legislation of cannabis for medical use. [6068]

Ms Jowell: We have not had any discussions with the British Medical Association on this subject. Department of Health officials, including professionals, are keeping the available research into the medicinal use of cannabis under review. At present, the evidence is inconclusive. The key point is that a cannabis—based medicine has not

been scientifically demonstrated to be safe, efficacious and of suitable quality. This is what has to happen before any drug can be licensed for medicinal use. Misuse of drugs legislation allows for research involving cannabis under Home Office licence. Any proposed clinical trial would have to be submitted to the Medicines Control Agency for approval or exemption in accordance with the Medicines Act 1968. Any application for a licence or a certificate, or both, would be carefully considered.

North Lakeland Healthcare Trust

Mr. Martlew: To ask the Secretary of State for Health on what dates members of the Board of Carlisle North Cumbria Health Care Trust are due for reappointment. [5867]

Mr. Milburn: The terms of office of the non-executive directors of the North Lakeland Healthcare National Health Service Trust expire on the following dates:

	Appointed to
Dr. Brian Lindley (Chairman)	31 October 1997
Mr. Paul Hargreaves	31 October 1997
Mrs. Jane Johnston	31 October 1997
Mrs. Barbara Loffill	31 October 1997
Mr. John Noctor	31 October 1997
Mrs. Jessica Riddle	31 October 1997

Electro-magnetic Fields

Mr. Flynn: To ask the Secretary of State for Health (1) what assessment his Department has made of the potential health risks posed by mobile phone usage; and if he will make a statement; [2723]

(2) what assessment he has made of the possible health risks connected to the use of electric blankets; and if he will make a statement. [2710]

Ms Jowell *[pursuant to her reply 10 June 1997]:* I regret that there was an error in my previous reply. The last paragraph should read as follows;

"The NRPB's advice is that there is no convincing scientific evidence of exposure to either microwave radiation associated with mobile phone usage or electro-magnetic fields associated with electric blanket usage being harmful to human health."

Water Fluoridation

Mr. Etherington: To ask the Secretary of State for Health (1) what representations he has received from the *(a)* British Dental Association, *(b)* British Fluoridation Society, *(c)* Northumbrian Water Ltd., *(d)* NHS Executive and *(e)* Water Services Association regarding the Water Fluoridation Order 1987; [3206]

(2) what plans he has to review the Water Fluoridation Order 1987; and if he will make a statement. [3207]

Mr. Worthington: I have been asked to reply.

I have received no representations from the organisations mentioned and have no plans to review the Water Fluoridation Order 1987. Fluoridation continues to be part of dental health promotion policy.

TREASURY

Non-departmental Public Bodies (Fraud)

Rev. Martin Smyth: To ask the Chancellor of the Exchequer how many members of non-departmental public bodies have been found guilty of fraud offences in each of the last three years. [4949]

Mr. Darling: This information is not collected centrally. The arrangements for fraud reporting, which are described in Chapter 37 of *Government Accounting*, do not require non-departmental public bodies (NDPBs) to report frauds to the Treasury. Rather, they report to sponsoring Departments, which are asked to tell the Treasury only of any novel or usual frauds occurring in NDPBs. This approach, which was adopted some years ago, was part of an effort to encourage sponsoring departments to take closer and more direct responsibility for the oversight of NDPBs.

Strategic Defence Review

Mr. Keith Simpson: To ask the Chancellor of the Exchequer if he will name the ministers, officials and political advisers in his Department who will be involved directly in the Strategic Defence Review. [5611]

Mr. Darling: As in any review of this nature the identity of the Ministers, officials and political advisers involved in the Strategic Defence Review will depend on the issues that arise, and on the detailed allocation of responsibilities at the time.

Construction Industry

Mr. Jack: To ask the Chancellor of the Exchequer when he expects to announce his detailed proposals for the construction industry tax scheme outlined in paragraph 6B.17 of the 1997–98 Financial Statement and Budget report. [3377]

Dawn Primarolo: Legislation is contained in the 1995 and 1996 Finance Acts to provide for changes to be made to the construction industry tax scheme. The Inland Revenue are continuing to consult with industry representatives on the more detailed proposals which will be included in regulations. An announcement will be made shortly about the implementation of the new scheme.

Capital Receipts

Mr. Maples: To ask the Chancellor of the Exchequer if, under present conventions, the spending of local authority capital receipts counts as public spending. [3261]

Mr. Darling: Local authority expenditure (including expenditure financed by local authority capital receipts) is scored as part of General Government Expenditure, except when other local authorities or central government receive the expenditure.

Third World Debt

Mr. Stunell: To ask the Chancellor of the Exchequer what plans he has to secure a multi-national agreement on the cancellation or reduction of third world debt. [5850]

Mrs. Liddell: The Heavily Indebted Poor Countries (HIPC) Initiative to reduce the debt burdens of the poorest countries to sustainable levels was launched at the IMF and World Bank Annual Meetings last September. At the recent Summit of the Eight held at Denver, the other Finance Ministers followed my right hon. Friend the Chancellor of the Exchequer in calling for rapid implementation of this initiative. However, there is no room for complacency, and we shall continue to press for the international community to provide further debt relief.

Inland Revenue Offices

Ms Atherton: To ask the Chancellor of the Exchequer when the decisions to close the Redruth, Penzance and Truro Inland Revenue offices were taken, what were the criteria for these decisions; what are the terms of reference for the Inland Revenue rationalisation No. 3; and if he will make a statement. [3518]

Dawn Primarolo: Since 1993, the Inland Revenue has been carrying out a 10-year programme to reorganise its whole network of local offices. I have now asked the Revenue to review all of the proposed reorganisations which would result in closure of the only local office in a particular town. This includes Truro and Penzance but not Redruth which is not proposed for closure.

Opticians (VAT)

Mr. Hunter: To ask the Chancellor of the Exchequer what was the total value of the VAT receipts which HM Customs and Excise has been obliged to return to opticians as a result of the High Court and Appeal Court hearings of the case brought by Leightons Opticians. [5245]

Dawn Primarolo: To date, Customs and Excise have refunded in the order of £211 million VAT and £63 million in statutory interest as a result of the aforementioned High Court decision.

Single Market

Mr. Jack: To ask the Chancellor of the Exchequer, pursuant to H.M. Treasury press release 60/97 of 4 June 1997, what specific measures are required to complete the single market; and which of these the Government supports. [3359]

Mrs. Liddell: The Commission presented an "Action Plan for the Single Market" to the European Council in Amsterdam, describing in detail the steps it regards as necessary to complete the single market. A copy of the text has been placed in the House Library. The Government welcomes the Commission's initiative in bringing forward this plan and supports in particular its strategic targets for improving transposition and enforcement of existing rules, ensuring that competition policy is effective, simplifying legislation and reducing the level of state aids. Taking significant steps towards the completion of the single market will be a top priority for the British presidency of the European Union in the first half of 1998.

Single Currency

Mrs. May: To ask the Chancellor of the Exchequer if Her Majesty's Treasury will publish quarterly reports of progress on preparations for the introduction of a European single currency. [3529]

Mrs. Liddell: The Bank of England publishes quarterly reports entitled "Practical Issues Arising from the Introduction of the Euro". The most recent report was published on 24 April. The Government is considering whether additional information would be useful to help businesses prepare for the practical implications of economic and monetary union, some of which will arise whether or not the United Kingdom participates.

Health Spending

Mr. Norman: To ask the Chancellor of the Exchequer if he will publish his estimates of the future share of health spending as a percentage of gross domestic product. [3707]

Mr. Darling: The plans for health spending in 1997–98 and 1998–99 were published in the Financial Statement and Budget Report 1997–98 at the time of the 1996 Budget.

Beer Duty

Mr. Lansley: To ask the Chancellor of the Exchequer if he will list the rates of beer duty applicable, by value and alcohol content, in *(a)* France, *(b)* the Netherlands and *(c)* Belgium. [3424]

Dawn Primarolo: The rates of duty are listed in ECUs.

Member state	*Variables*	*Excise[1] duty/hl/° Plato (ECUs)*	*Excise[2] duty/hl/° alc (ECUs)*
Belgium	—	1.75	—
Netherlands	up to 7° Plato	9.29	—
	from 7° to 11° Plato	16.36	—
	from 11° to 15° Plato	21.79	—
	above 15° Plato	27.25	—
France	—	—	2.62

[1] Excise duty is charged per hectolitre per degrees Plato.
[2] Excise duty is charged per hectolitre per degree of alcohol.

Euro

Mr. Fearn: To ask the Chancellor of the Exchequer what assessment he has made of the ability of blind people to identify the different proposed Euro coins. [5296]

Mrs. Liddell: Organisations representing visually impaired people have been involved in discussions organised by the European Commission about euro coins. The Royal Mint has separately been in contact with organisations representing visually impaired people in the United Kingdom. During negotiations on the specifications of euro coins, the Government has supported the use of features to assist their recognition by visually impaired people.

Local Government Reorganisation

Mr. Timms: To ask the Chancellor of the Exchequer how the Government propose to reflect local government reorganisation in the European regional classification known as NUTS. [6788]

Mrs. Liddell: The Nomenclature of Units for Territorial Statistics (NUTS) is the European Commission's classification of sub-national areas for statistical purposes, and is managed by Eurostat, the Commission's statistical office. The Government Statistical Service has drafted a new NUTS structure for the UK which takes account of Government Office regions and local government reorganisation. The draft structure was the subject of wide consultation last summer, and the results of that consultation are incorporated in the final proposals. Dr. Holt, the Director of the Office for National Statistics, has submitted the proposals to Eurostat for their consideration. Copies of the proposals, and a report on the consultation of last year, are being placed in the Libraries of the House today.

Dealing Rate

Mr. Denzil Davies: To ask the Chancellor of the Exchequer if he will instruct the Bank of England to place in the Library the press notices which it issues announcing each month's decision of its Monetary Policy Committee in respect of the official dealing rate. [5878]

Mrs. Liddell *[holding answer 30 June 1997]:* The announcements of the Monetary Policy Committee's decisions will be placed in the House of Commons Library by the Bank of England.

Taxation

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer what are the implications of the policy of open government for the release of Treasury analysis of the effects of proposed taxation at the time of the Budget statement. [5981]

Dawn Primarolo *[holding answer 30 June 1997]:* Information and analysis of the effects of the Budget are widely available by a number of means, in accordance with open Government Principles.

The main source is the Financial Statement and Budget Report (FSBR), but information is also published in a Pocket Budget format, on computer disc and Treasury press releases. All published Treasury material is also available on the Internet. Other Government Departments and agencies also publish relevant Budget Information.

Local Government Finance (Scotland)

Mr. Swinney: To ask the Chancellor of the Exchequer if he will list *(a)* the current formula for the determination of Scottish block expenditure, *(b)* each area of English expenditure to which it applies, *(c)* the changes that have been made to the formula since 1978 and *(d)* the level of Scottish block expenditure (i) planned, (ii) forecast and (iii) outturn, in each year between 1978–79 and 1997–98 at current and constant prices; and what plans he has to review the formula. [4218]

Mr. Darling *[holding answer 19 June 1997]:* The existing Block arrangements are governed by the Barnett formula established in 1978.

The Scottish Block changes by 10.66 per cent. of any changes made to provision for analogous English programmes in the course of the public expenditure survey and 10.06 per cent. of any changes to provision for analogous programmes which cover England and Wales. The Block covers all expenditure by the Scottish Office and associated Departments except for that on Agriculture and Fisheries and on Nationalised Industries. The areas of comparable English, or English and Welsh, expenditure are: industry enterprise and training; roads and transport; housing; other environmental services; law, order and protective services; education and sport; arts and libraries; health; social work services; other public services; central government support to local authorities.

Since the introduction of the Block the only significant change to the 1991 population based formula was made in 1992 to reflect the 1991 population Census.

The Government will set out its proposals for the future financing of public expenditure in Scotland under devolution, in a White Paper which will be published before the recess.

Information on the Scottish Block from 1985–86 is contained in the Scottish Office Departmental Reports published since 1991. Information for earlier years is contained in the Scottish Chapter in Part 2 of the Public Expenditure White Papers. (It will be noted that the composition of the Scottish Block has changed over time and that the price bases are different).

DEFENCE

Construction Work Contracts

Mr. Baldry: To ask the Secretary of State for Defence what use his Department is making of the new engineering contract in construction work for which it is responsible. [3429]

Mr. Spellar: My Department has not let any contracts under New Engineering Contract (NEC) terms to date, but future use of the NEC is being examined as part of a review of our contractual arrangements conducted against the background of the Latham Report.

Atomic Weapons Establishment

Mr. Matthew Taylor: To ask the Secretary of State for Defence how many series of technical papers or reports have been produced by the Atomic Weapons Research Establishment since 1967; what were the titles of each series; what were the dates of each paper; how many papers or reports were published in each series; and how many of the papers and reports in each series are currently unclassified. [5682]

Mr. Spellar: Because of classification considerations and the volume of documentation it is not possible to respond in precisely the terms asked. However, between 1953 and 1970, the Atomic Weapons Research Establishment produced four main series of technical reports: B, (Bomb); E, (Weapon Effects); 0, (Research); and T, (Trials). Further separate series covered administrative and contractual matters and reports by AWRE Divisions. About 300 reports from the B and E Series from that period are due for transfer to the Public Records Office by October 1997. My noble Friend, the Minister for Defence Procurement will write to the hon. Member at that time with details of these reports and a copy of his letter will be placed in the Library of the House of Commons.

TRADE AND INDUSTRY

Compensation (Credit Cards)

Mrs. Dunwoody: To ask the President of the Board of Trade if she will take action against companies which fail to meet claims for compensation on credit card transactions made overseas. [5690]

Mr. Nigel Griffiths: It is primarily a matter for the individual concerned to take action in such circumstances, through the courts if necessary. In so far as there may be a question of a company's fitness to hold a consumer credit licence, I look to the Director General of Fair Trading to act with his usual vigour.

Consumer Protection

Mrs. Dunwoody: To ask the President of the Board of Trade if she will review the adequacy of consumer protection measures contained in section 75 of the Consumer Credit Act 1974. [5689]

Mr. Nigel Griffiths: I am considering all aspects of the Consumer Credit Act. The Director General of Fair Trading monitors the working of the Act and administers the consumer credit licensing system, and I have asked him to advise me on this matter.

Ferry Merger

Mrs. Dunwoody: To ask the President of the Board of Trade when she expects to make a decision on the proposed merger between Stena and P&O Ferries. [4388]

Mrs. Beckett: The Monopolies and Mergers Commission (MMC) report on the proposed merger between P&O and Stena will be published as quickly as is practicable. I cannot comment on the likely publication date of the MMC report or its contents, which remain confidential until publication. Copies of the report will be laid before Parliament at the same time as it is published.

Consumer Credit Act

Mrs. Dunwoody: To ask the President of the Board of Trade if she will consider the application of section 75 of the Consumer Credit Act 1974, to cover credit card transactions made overseas. [5858]

Mr. Nigel Griffiths: I am considering all aspects of the Consumer Credit Act. The Director General of Fair Trading monitors the working of the Act and administers the consumer credit licensing system, and I have asked him to advise me on this matter.

Departmental Advisers

Mr. Alan Simpson: To ask the President of the Board of Trade if she will list each person advising or assisting her Department who has *(a)* membership of and *(b)* involvement in (i) the European Round Table of Industrialists, (ii) the European Centre for Infrastructure Studies, (iii) the Competitiveness Advisory Group, (iv) Transatlantic Business Dialogue, (v) the Association for the Monetary Union of Europe, (vi) Union of Industrial and Employers Confederations of Europe, (vii) Europe Bio and (viii) the World Business Council for Sustainable Development. [5311]

Mrs. Beckett: Membership of the European Round Table of Industrialists, the Competitiveness Group and the Transatlantic Business Dialogue is on a personal basis. Sir Peter Bonfield is a member of the European Round Table and also advises the Department as a member of the Table Policy Forum.

Membership of the European Centre of Infrastructure Studies, the Association for the Monetary Union of Europe, the Union of Industrial and Employers Confederations of Europe, Europe Bio and the World Business Council for Sustainable Development is on a corporate basis. Representatives from companies and organisations involved with these groups may advise Departments from time to time.

Indonesia

Mr. Bercow: To ask the President of the Board of Trade what plans she has to visit Indonesia. [6077]

Mrs. Beckett *[holding answer 1 July 1997]:* I have no plans to visit Indonesia at present.

Accountancy Firms

Mr. Mitchell: To ask the President of the Board of Trade if she will take steps to ensure that accountancy firms criticised in her Department's inspectors' reports are required to *(a)* state that they have understood the criticisms and *(b)* demonstrate that they have taken the required steps to deal with the shortcomings. [4825]

Mr. Nigel Griffiths *[holding answer 25 June 1997]:* Any consequential and continuing regulation of accountancy firms criticised in Inspector's reports is a matter for the firms recognised supervisory bodies.

Mr. Mitchell: To ask the President of the Board of Trade (1) if she will list those accountants disqualified from public practice as a result of the criticisms of their conduct in her Department's inspectors' reports; [4818]

(2) if she will list those accountancy firms whose affairs have been investigated following criticisms of their conduct in her Department's inspectors' reports. [4820]

Mr. Griffiths *[holding answers 25 June 1997]:* The investigation and disqualification from public practice of accountants and accountancy firms is a matter for their recognised supervisory bodies.

EU Structural Funds

Mr. Andrew George: To ask the President of the Board of Trade if she will recommend to the European Commission that Cornwall should be designated as a separate NUTS 2 region. [5428]

Mrs. Roche *[holding answer 1 July 1997]:* The Government Statistical Service is this week sending its proposals for the UK's NUTS structure to Eurostat (the European Commission's statistical office). A copy of the full set of proposals will be placed in the Library of the House. The Government Statistical Service's proposals include, amongst others, the suggestion that Cornwall should be a separate NUTS level 2 area.

Mr. George: To ask the President of the Board of Trade (1) how many NUTS 2 level regions she will recommend to the European Commission in the present round of negotiations for EU structural funds; [5429]

(2) what efforts she will make to secure Objective 1 status for Cornwall. [5430]

Mrs. Roche *[holding answers 1 July 1997]:* Eligible areas for the European Structural Funds will not change before the end of 1999. For the period from 2000 onwards, the areas eligible under Objective 1 and the other Objectives depend on Commission proposals for future financing of the EU and for reform of the Structural Funds. These may lead to substantial changes to the current structure, including the system of Objectives. Once the Commission has put forward proposals for reform of the Structural Funds and these have been negotiated and agreed, the Government will then consider proposing particular areas within the United Kingdom.

Patenting of Animals

Mr. Flynn: To ask the President of the Board of Trade what studies she has *(a)* commissioned and *(b)* evaluated into the patenting of animals; and if she will make a statement. [3226]

Mr. Battle *[holding answer 17 June 1997]:* I am replying because my Department has responsibility for intellectual property matters.

My Department has not yet commissioned studies into the patenting of animals nor I understand has the Ministry of Agriculture, Fisheries and Food.

NATIONAL HERITAGE

Tourism

Mr. Butterfill: To ask the Secretary of State for National Heritage, pursuant to his answer of 25 June, *Official Report*, column *527*, on VAT and VAT thresholds, what representations he had made to the Chancellor of the Exchequer in respect of the tourism industry's concerns. [6148]

Mr. Tom Clarke: I refer to the answer I gave to the hon. Member on 25 June 1997, col *527*. The Chancellor of the Exchequer is aware of the tourism industry's concerns on VAT-related issues.

Mr. Butterfill: To ask the Secretary of State for National Heritage, pursuant to his answer of 25 June, *Official Report*, column *526*, if he will introduce a scheme of statutory registration for all businesses supplying bed spaces for tourists; and if he will make a statement.[6149]

Mr. Tom Clarke: Once we have had the opportunity to consider the results of the ETB's Agenda 2000 consultation exercise on this issue, and the industry has commented on the detail of the proposed rating schemes for serviced accommodation, we shall be in a position to draw up proposals for any further steps needed to achieve our objective of raising the quality of accommodation in England.

Mr. Gordon Marsden: To ask the Secretary of State for National Heritage what plans he has to curb the development of unlicensed and unregistered private households offering bed and breakfast facilities to visitors outside the six bed rule. [5951]

Mr. Clarke: I am aware of the concerns which many hoteliers have about the impact of the six person test for non-domestic rates and the six bed-space exemption for fire certification. Although neither of these is the direct responsibility of my Department, the interests of the tourism industry would of course be taken into account in any review of either.

Mr. Marsden: To ask the Secretary of State for National Heritage what plans he has to ensure that individual hotelier and guest house associations are included in any body charged with overseeing the proposed rationalisation of accommodation grading schemes throughout the United Kingdom. [5952]

Mr. Clarke: The ETB, AA and RAC will be consulting widely on the schemes announced in February this year for the rating of serviced accommodation. I hope that individual hotelier and guest-house associations will take the opportunity to feed in their views when the consultation document is published and to participate in the new schemes when they are launched.

British Library

Mr. Woolas: To ask the Secretary of State for National Heritage if the new building at St. Pancras has now been handed over to the British Library Board. [6735]

Mr. Chris Smith: The new building at St. Pancras and 3.4 hectares of land were transferred to the British Library Board on 1 July.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Water Services

Dr. Tony Wright: To ask the Secretary of State for the Environment, Transport and the Regions which water companies *(a)* have and *(b)* have not accepted responsibility for a free leak repair service for domestic supply pipes following the recent water summit. [4990]

Angela Eagle: Water companies have generally responded positively and constructively to my right hon. Friend the Deputy Prime Minister's call to offer a free leak repair service for household customers' supply pipes. We are pursuing this issue with a few companies who have yet to give a fully satisfactory response and we shall be making a further statement in the next few days.

Dr. Wright: To ask the Secretary of State for the Environment, Transport and the Regions if he will publish the replies he has received from the water companies in response to the issues he raised with them at the recent water summit. [4991]

Angela Eagle: We shall publish an analysis of all the responses after obtaining clarification on certain matters from some of the companies. Copies of the responses will be placed in the Libraries of both Houses.

Earth Summit 2

Mr. Llew Smith: To ask the Secretary of State for the Environment, Transport and the Regions if he will place in the Library a copy of all United Kingdom documents submitted to, and ministerial speeches made at Earth summit 2. [5337]

Angela Eagle: The Prime Minister addressed the Special Session of the UN General Assembly on Monday 23 June. A copy of his speech has been placed in the House of Commons Library.

Leghold Traps

Mr. Coaker: To ask the Secretary of State for the Environment, Transport and the Regions when he plans to implement European Regulation 3254/91 on leghold traps. [5558]

Angela Eagle: The Environment Council meeting on 19–20 June took no decision on the Commission's proposals for a "Framework Agreement on humane trapping standards", which are not supported by the UK or a number of other Member States. The Commission and the Council will now have to decide whether to pursue the proposals for an agreement which we regard as unsatisfactory, or consider other options, including the implementation of the original EU import ban under Regulation 3254/91 on the import of furs taken in leghold traps.

Sewage Outfall (Falmouth)

Ms Atherton: To ask the Secretary of State for the Environment, Transport and the Regions (1) what plans he has to ensure that water purity is maintained in Carrick Roads, Falmouth following South West Water's proposals for a sewage outfall there; [5482]

(2) what assessment he has made of the likely impact on the Truro oyster fishery of South West Water's plans to site a sewage outfall in Carrick Roads, Falmouth; [5477]

(3) how many representations he has received regarding South West Water's plans for a sewage outfall in Carrick Roads, Falmouth. [5483]

Angela Eagle: It is for the Environment Agency, in the first instance, to protect controlled waters from pollution through the operation of the discharge consents system set out in the Water Resources Act 1991 and other water pollution legislation. In relation to the proposed sewage outfall at Carrick Roads, Falmouth, the Agency has negotiated the scheme with South West Water as an interim measure to secure water quality improvements to meet the requirements of the Bathing Water Directive, pending completion of the full scheme planned for compliance with the Urban Waste Water Treatment Directive at the end of the year 2000. The Agency will have had in mind the need to ensure that the discharge meets the water quality requirements of all relevant legislation. This includes the need to meet the requirements of the Shellfish Waters Directive for those designated waters in the Fal estuary at Turnaware Bar and the Percuil River. In addition, the Agency operates a policy whereby, in relation to discharges where the commercial use of an area for harvesting shellfish has been established, no deterioration in water quality should normally be allowed which would be expected to cause a deterioration in the classification of waters at the time of consent determination.

The Agency is minded to allow a discharge consent on certain conditions and subject to post-scheme monitoring of the discharge to demonstrate that its objectives have been met and to request adjustments to optimise the discharge regime in the light of operational experience. However, my Department has received 32 representations regarding South West Water's plans and is currently considering whether the Deputy Prime Minister should call-in for his own determination the associated application for discharge consent.

Gas Safety

Mr. Wigley: To ask the Secretary of State for the Environment, Transport and the Regions what requirements are placed on gas emergency engineers in respect of the carrying of equipment to trace carbon monoxide. [5431]

Angela Eagle: There are no specific requirements. However, the Gas Safety (Management) Regulations 1996 place a duty on gas transporters and/or emergency service providers to attend the scene of a reported gas emergency and make the situation safe. The Regulations also require those undertaking the work to have the necessary skills, competence and hardware to enable them to discharge their duties effectively and safely.

On the broader issue of gas safety, we are determined to support the Health and Safety Commission/Executive in their policy of raising awareness and encouraging tough enforcement where action is necessary. We have asked officials for advice before the autumn on ways in which a higher profile for gas safety can be achieved.

Diesel (Sulphur Content)

Mr. Matthew Taylor: To ask the Secretary of State for the Environment, Transport and the Regions if he supported moves by the Dutch Government to lower the maximum permissible level of sulphur in diesel from 2000 at the recent Council of European Environment Ministers meeting; and if he will make a statement. [6166]

Angela Eagle: The UK supported the proposal by the Dutch Presidency that diesel fuel containing an indicative level of 50ppm sulphur should be phased in from 2005. This proposal was accepted as part of the Common Position at the Council of European Environment Ministers. The UK also supported proposals for a level of 350ppm sulphur in diesel as a mandatory standard for 2000. This was proposed by the Commission, supported by the Presidency and accepted as part of the Common Position.

Town and City Centres

Mr. Hinchliffe: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to amend planning guidance to local authorities in respect of their management of town and city centres; and if he will make a statement. [5055]

Mr. Raynsford: The Government's planning guidance on town centres and retail developments, PPG6, already contains advice on town centre management; we have no current plans to amend it. The Government also provides core funding for the Association of Town Centre Management (ATCM), which has a lead role in the promotion of town centre management. The Government has also provided financial support for three ATCM research projects, two of which I launched on 18 June, "Town Centre Partnerships: A Survey of Good Practice" (undertaken by Hillier Parker and URBED) and "Managing Urban Open Spaces" (undertaken by Chesterton's), and one on "Town Improvement Zones" (undertaken by KPMG) which will report shortly.

Mr. Hinchliffe: To ask the Secretary of State for the Environment, Transport and the Regions what discussions he has had with local authorities and their associations, concerning the economic viability of town centres, city centres and local markets. [5056]

Mr. Raynsford: Ministers and officials have regular meetings with the local authority associations, the Association of Town Centre Management and other bodies about town and city centre issues, including their economic wellbeing. I also addressed the Association of Town Centre Management on 18 June and launched two ATCM research projects "Town Centre Partnerships: A survey of Good Practice" (undertaken by Hillier Parker and URBED) and "Managing Urban Open Spaces" (undertaken by Chesterton's), both of which received financial support from the Government.

English Partnerships

Mr. Rendel: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the number of houses built by English Partnerships in each year since 1993, by local authority; and if he will make a statement. [5721]

Angela Eagle: English Partnerships has not built any houses since it was launched in 1993. The Agency cannot, under Section 160(2) of the Leasehold Reform, Housing and Urban Development Act 1993, provide housing itself. It can however, facilitate the construction of housing, both private and social, by others. The amount of housing indirectly created by English Partnerships in this way since it cane into being in November 1993 is as follows:

Estimated number of housing units facilitated

	Number
1993–94 (part)	800
1994–95	2,900
1995–96	4,900
1996–97	5,200

Mr. Pearson: To ask the Secretary of State for the Environment, Transport and the Regions, pursuant to his answer of 23 June, *Official Report*, column *378*, if he will give a breakdown of English Partnerships' spending in each of the last three financial years by standard planning region as covered by Government offices. [6050]

Angela Eagle: The information is not readily available. I have asked English Partnerships to write to the hon. Member with the information in due course. A copy of the letter will be placed in the Library of the House.

Development Agency (East Midlands)

Mr. Reed: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the time scale for the creation of the Regional Development Agency for the east midlands. [6219]

Angela Eagle: I refer my hon. Friend to the reply given to my hon. Friend the Member for Morley and Rothwell (Mr. Gunnell) on 11 June, *Official Report*, column *473*, by my hon. Friend the Minister for the Regions, Regeneration and Planning.

Estates Renewal Challenge Fund

Dr. Naysmith: To ask the Secretary of State for the Environment, Transport and the Regions if he will be running a further round of the Estates Renewal Challenge Fund; and when he will be inviting local authorities to apply for places on the 1998 Housing Transfer Disposal Programme. [6625]

Ms Armstrong: I will launch tomorrow Round Three of the Estates Renewal Challenge Fund and invite Local Authorities to apply for places on the 1998 Housing Transfer Disposal Programme. Transfer will remain a voluntary process and will take place only with the consent of tenants and the local authority.

Local authorities should consider housing transfer as one of the options when developing their housing strategy. Transfer can provide an effective and value for money means of getting investment into local authority housing. We want to see transfer delivering a high standard of service for tenants, providing decent and good quality homes.

Bids for money form the Estates Renewal Challenge Fund must also be set firmly within the context of authorities' housing strategies, and I am keen for authorities to package better and poorer quality housing together. This will enable more local authorities to revive and renew their worst estates. The Government is committed to improving standards of living and bringing back the sense of community which is so often lacking in large, poor quality estates.

Disability Discrimination Act

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to extend the scope of the Disability Discrimination Act 1995 to incorporate drivers of minicabs and private hire cars. [5847]

Ms Glenda Jackson: We currently have no such plans. The public transport vehicles which are included in the Act are essentially those which offer the opportunity for spontaneous travel. Private hire cars are booked in advance, when customers can specify any particular needs they may have. Our priority is to use the powers which are currently provided by the Act to bring forward accessibility regulations for taxis, buses and coaches and rail vehicles. We hope to begin consultation on draft technical specifications in the next few weeks.

Fuel Lubricants

Mr. Edward Davey: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department has *(a)* commissioned and *(b)* evaluated into (i) non-lead fuel lubricants and (ii) XPCL in respect of their effect on fuel consumption; and if he will make a statement. [5975]

Ms Glenda Jackson: None. Investigation and evaluation of the performance of proprietary fuel additives and non-lead lubricants such as XPCL is not undertaken by the Department.

Inland Waterways (Union Jack)

Mr. Blizzard: To ask the Secretary of State for the Environment, Transport and the Regions if he will review the law under which a fine can be imposed for flying the Union Jack on a boat on an inland waterway. [5877]

Ms Glenda Jackson: To change the law in this manner would require primary legislation. Although there are no current plans to review merchant shipping legislation, we will consider this issue the next time an appropriate opportunity arises.

Channel Tunnel

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions (1) if he will place in the Library a copy of the report compiled by Channel Tunnel Safety Authority Observers attending the BINAT 7 channel tunnel exercise on 7 and 8 October 1995; [5671]

(2) if he will place in the Library a copy of the report produced by members of the Public Safety Working Group of the Channel Tunnel Safety Authority who observed the TABLEX II exercise on 19 May 1995; [5686]

(3) if he will place in the Library a copy of *(a)* the letter sent on 27 February 1996 by the Channel Tunnel Safety Authority to Eurotunnel regarding the BINAT 7 exercise and *(b)* Eurotunnel's response. [5672]

Ms Glenda Jackson: I am not in a position to do so. All three sets of papers contain information supplied by Eurotunnel. Disclosure would be a breach of clause 33 of the Concession Agreement of 1986, covering intellectual property and confidentiality, which includes a requirement on all parties to that Agreement, and also the Intergovernmental Commission and Safety Authority, to hold in confidence all documents and other information supplied to them by, or on behalf of, any other party.

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions (1) what were the conclusions of the Channel Tunnel Safety Authority in relation to *(a)* alerting and activation, *(b)* delivery of emergency medical response, *(c)* evacuation of passengers and *(d)* Eurotunnel management of bi-national emergencies during the BINAT 7 exercise on 7 and 8 October 1995; [5685]

(2) if passengers were evacuated within the 90 minute guidance during the BINAT 7 exercise undertaken in the Channel Tunnel on 7 and 8 October 1995. [5673]

Ms Jackson: The Safety Authority letter of 27 February 1996, referred to in paragraph 86 of their Annual Report for 1995–96, is addressed to Eurotunnel and contains the key issues which the Safety Authority wished the Company to address following analysis of the outcome of the BINAT 7 emergency exercise.

It is not the practice of the bi-national Safety Authority to release detailed information about emergency exercises conducted by Eurotunnel.

Heathrow and Gatwick Airports

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions what assessment his Department has made of the reduced final approach aircraft separation trials at Heathrow and Gatwick airports. [5604]

Ms Glenda Jackson: National Air Traffic Services Limited commenced a trial at Heathrow in October 1994 to reduce the distance between aircraft at final approach from 3 to 2.5 nautical miles in certain specific circumstances. Its use has been infrequent as it is confined to daytime and used only when there is sufficient visibility. The trial was monitored continuously and modified from experience gained. A full safety assessment was carried out and is now being considered by the Safety Regulation Group of the Civil Aviation Authority. A similar trial is expected to start at Gatwick soon.

Southport–Preston Train Services

Mr. Fearn: To ask the Secretary of State for the Environment, Transport and the Regions what provision exists for public subsidy to promote the reinstatement of a train service between Southport and Preston utilising the Burscough Curves. [5958]

Ms Glenda Jackson: As with all "new" services, it would be a matter for the sponsoring body to liaise with Railtrack, the train operating company and any other interested party, for example the relevant local authority, to establish whether such a scheme was viable. The Franchising Director has powers to designate services as experimentals for a period of up to five years. At the end of that time, the Franchising Director would decide whether he was prepared to provide financial support if necessary to secure the continued provision of the service.

Transport Safety

Liz Blackman: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department has *(a)* commissioned and *(b)* evaluated on the relationship between Government spending on transport safety and casualty rates. [6253]

Ms Glenda Jackson: The Department has not directly commissioned any research of this kind. However, the Royal Society for the Prevention of Accidents (ROSPA), as part of the work programme for which they receive a grant from the Department, have recently carried out a survey of Local Authorities covering spending on transport safety in relation to accident rates. The results are not yet available and therefore have not been evaluated.

The Department commissioned the Transport Research Laboratory to carry out research into the cost effectiveness of individual local authority safety schemes financed from the local transport capital settlement since 1992–93. The TRL report shows that the overall first year rate of return from 212 schemes in 12 authorities averaged 190 per cent.

Seahorse and Exodus Incident

Sir Richard Body: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the current state of his Department's investigations into the incident involving the flagged vessel "Seahorse" and the Irish vessel "Exodus" in March 1997. [6151]

Ms Glenda Jackson: The Marine Accidents Investigation Branch is carrying out an investigation into this tragic accident and its report will be sent to the Marine Safety Agency and forwarded to all involved parties.

FOREIGN AND COMMONWEALTH AFFAIRS

General Affairs Council

Mr. Hope: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will report on the outcome of the General Affairs Council on 26 and 27 June. [6436]

Mr. Doug Henderson: The 24 A points in Document 9256/97, the text of which will be placed in the libraries of the House as soon as it is available, were agreed.

The Council noted the resolutions adopted by the European Parliament listed in Documents 8021/97 and 8773/97. Copies of these documents will also be placed in the libraries of the House as soon as they are available.

Following agreement on the Amsterdam Treaty, the Council noted that legal editing of the text was under way, with a view to signature in Amsterdam in October. COREPER was mandated to consider any necessary preparations before the Treaty entered into force. The Council called on the Secretariat-General to report back after signature of the Treaty on possible organisational arrangements for setting up the CFSP policy planning cell, and integrating the Schengen Secretariat into the General Secretariat of the Council.

The Council reconfirmed the position set out in the December 1996 Common Position on Cuba and approved the Presidency proposals for its evaluation and implementation. The objective of the European Union remains the encouragement of a process of peaceful transition to democracy, respect for human rights and fundamental freedoms, a sustainable economic recovery and an improvement in the living standards of the Cuban people. The Council will re-evaluate the Union's position after a further six months.

The Council agreed conclusions on preparatory work for the extraordinary European Council on Employment.

The Presidency and Commission reported on the Denver Summit of the Eight. Member States took note of the achievements of the Summit, particularly on the environment, financial stability and Hong Kong.

The Presidency and the Commission reported on the EU/Canada Summit held in Denver on 20 June. The Summit reviewed progress on the EU/Canada Action Plan and Political Declaration signed in December 1996. The UK intends to use its Presidency of the EU to build upon Dutch efforts to maintain the momentum of the EU/Canada process.

The sixth EU/Japan Summit was held in The Hague on 25 June. It discussed the importance of a successful ASEM (Asia Europe Meeting) Summit in London in April 1998. Japan confirmed that broad-based deregulation remained an essential part of its structural reform programme. Both sides reiterated support for Chinese and Russian accession to the World Trade Organisation on commercially viable terms.

The EU issued a declaration on the eve of the parliamentary elections in Albania which urged all political parties to participate and to respect the results and accept the OSCE assessment on their validity. The EU reaffirmed its commitment to support the elections including sending monitors, although responsibility for holding free and fair elections remains with Albania. It stressed the importance of consolidating the reconciliation process after the elections and is prepared to support economic recovery in Albania once certain conditions are met. Future relations with Albania depend on the restoration of democratic principles and sound economic practices. The Council agreed that, subject to an agreement with the IMF, it was desirable to hold an International Donors' Conference for Bosnia and Herzegovina at the earliest possible date. Close co-ordination with the High Representative, the World Bank and other donors would be required to achieve this.

The Council discussed the current situation regarding the extension of the UN Transition Administration for Eastern Slavonia (UNTAES) mandate in Eastern Slavonia.

The Council stressed the importance of efforts to conclude negotiations for Association Agreements with Egypt and Lebanon as soon as possible. It agreed to assess how to meet Spanish concerns about a review clause in the EU/Jordan Agreement dealing with the section on agricultural quotas.

The Council discussed the implications for the EU of Burma's accession to ASEAN, underlining concerns about the deteriorating human rights situation in Burma, and calling on the SLORC to allow a visit to Burma by the UN Special Rapporteur. The Council confirmed its commitment to the EU/ASEAN dialogue and reaffirmed that Burma's membership of ASEAN did not automatically imply membership of ASEM. Possible additional measures against Burma will be considered again in September in the light of the forthcoming ASEAN Regional Forum/Post Ministerial Conference (ARF/PMC) meetings and developments in Burma.

A Dutch proposal to solve the impasse in agreeing the mid term review for the Overseas Countries and Territories was opposed. I pointed out that the failure to reach agreement was prolonging the suffering of a number of Dependent Territories, including Montserrat. The UK urged the Council to proceed with discussions on the basis of the Irish Presidency proposal. This view was supported

by others. It was agreed that the Netherlands would consult further with the Commission with a view to reaching agreement in July.

The GAC discussed the handover in Hong Kong. A Declaration was agreed, underlining the Council Support for continuing democracy in Hong Kong and calling for free and fair elections to take place as soon as possible, or in any case within twelve months.

The Council discussed recommendations from the EU Special Envoy, Miguel Moratinos, for following up the declaration on the Middle East Peace Process agreed by the Amsterdam European Council. These included support for Egyptian mediation to break the current deadlock on the Palestinian track, action on the economic situation of the Palestinians, on economic assistance to Jordan, and to promote respect for democracy and human rights, and on efforts to build up long term momentum in the peace process. The Council extended Moratinos' appointment for a further year.

The Council discussed the situation in the Democratic Republic of Congo and EU relations with the transitional government. It took note of the intention of the incoming Luxembourg Presidency to send a ministerial troika to Kinshasha. The Council approved the extension for 12 months of the mandate of the EU Special Envoy for the Great Lakes region, Aldo Ajello.

The Council agreed that following the Ministerial Troika meeting in New York on 23 June, dialogue with the Organisation of African Unity (OAU) should be intensified at all levels, particularly regarding the proposed EU/OAU Summit.

The 7th session of the European Economic Area (EEA) Council met on 26 June. All parties were happy with the continued smooth running of the EEA Agreement. The past year had seen important progress, particularly in the field of medicinal products. It was hoped that outstanding work on veterinary matters could be completed by early 1998. The non-EU members of the EEA outlined their interest in the EU gas market directive currently under negotiation. They also expressed their satisfaction that an agreement had been possible in the dispute between the EU and Norway over farmed salmon. A political dialogue covering the Middle East Peace Process, Russia, Albania, Former Yugoslavia and Transatlantic Relations also took place. The official record is contained in document EEE 1603/97, Presse 223.

The EU/Australia Joint Declaration was signed. UK has always advocated a closer EU/Australia relationship—Joint Declaration establishes a foundation for co-operation.

British Council

Mr. Colvin: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the future Government funding of the British Council, indicating the split between his Department and the Department for International Development. [6290]

Mr. Fatchett: This Department and the Department for International Development, together with other government departments, are currently examining the deployment of all their resources, including those dedicated to the British Council, as part of the Comprehensive Spending Review. The findings of the review will be submitted to the Cabinet's Committee.

Amsterdam Treaty

Sir Richard Body: To ask the Secretary of State for Foreign and Commonwealth Affairs which European Union Governments are planning to put the Amsterdam treaty to a national referendum; and what is Her Majesty's Government's policy. [6104]

Mr. Henderson: Denmark will hold a national referendum on the Amsterdam Treaty in 1998. We are not aware of any other Member State whose Government has announced that it will hold a referendum, though the situation may change. The Government does not intend to hold a referendum on the Amsterdam Treaty.

BBC World Service

Mr. Mullin: To ask the Secretary of State for Foreign and Commonwealth Affairs what steps have been taken to implement the suggestions for monitoring the effect of restructuring the BBC World Service made by the then Minister of State at the Foreign and Commonwealth Office to the Foreign Affairs Committee on 12 November 1996; and if he will make a statement. [5832]

Mr. Tony Lloyd: We are monitoring closely the effects of the restructuring, and the implementation of the 20 agreed measures contained in this Department's/BBC World Service Working Group Report. We have regular meetings with the World Service to review progress. Diplomatic posts abroad have been asked to monitor World Service broadcasts. The Working Group is due to reconvene in the Autumn.

Mr. Mullin: To ask the Secretary of State for Foreign and Commonwealth Affairs is he will list the safeguards announced in October 1996 for the protection of the BBC World Service during the period of restructuring, indicating in each case the extent to which it has been implemented; and if he will make a statement. [5831]

Mr. Lloyd: Copies of this Department's/BBC World Service Working Group Report, which contain the 20 agreed measures designed to safeguard the World Service, are available from the Libraries of the House. The Working Group will reconvene in the autumn to ensure that the measures are functioning satisfactorily and producing the desired results.

AGRICULTURE, FISHERIES AND FOOD

Live Animal Transport

Mr. Caton: To ask the Minister of Agriculture, Fisheries and Food (1) what steps his Department takes to ensure the enforcement of the Welfare of Animals during Transport Order 1994 and directive 91/628/EEC during the import of cattle into the United Kingdom from third countries; and if he will make a statement; [4143]

(2) what assessment he has made of the compliance with *(a)* the Welfare of Animals During Transport Order 1994 and *(b)* directive 91/628/EEC in respect of (i) the recent birth of a calf on a sea voyage from Canada to

Bristol, (ii) the transport onward from Bristol of the calf and its mother, (iii) the weather during the voyage and (iv) the containers used for the cattle during the sea voyage. [4722]

Mr. Morley: Enforcement of the legislation concerning the welfare of animals during transport is the responsibility of local authorities, and Ministry staff liaise with them in relation to this work. In April officers from the enforcement authority for the Welfare of Animals during transport Order 1994, (North Somerset District Council), and the Ministry's veterinary service monitored the arrival of 227 cattle at the Royal Portbury Dock which had been transported from Canada. One heifer calved on the dockside and the movement of these two animals was authorised, after their welfare had been assessed, under a statutory notice to specified premises near Chepstow. A subsequent visit was made to these premises when both the heifer and calf were reported to be in good condition. The remaining cattle were reported to be in excellent condition and were transported to their destination. The containers provided suitable accommodation during this, and on other, sea voyages. No incidents of abrasions, lameness or injury to the animals whilst in the containers were reported.

Mr. Baker: To ask the Minister of Agriculture, Fisheries and Food, pursuant to his answer of 12 June, *Official Report*, column *536*, what assessment he has made of the impact of the decrease in the number of abattoirs since 1975 on *(a)* journey times and *(b)* distances within England for animals between point of production and point of slaughter. [4145]

Mr. Morley *[holding answer 17 June 1997]:* Various studies have been made of movement patterns in the British livestock sector. These indicate that a range of factors rather than just distance from the nearest abattoir influence the length of animals' journeys to slaughter.

Fur Farms

Mr. Coaker: To ask the Minister of Agriculture, Fisheries and Food how many mink and fox fur farms there are in England and Wales by county. [5555]

Mr. Morley: There are currently no licensed mink farms in Wales. At 20 June 1997, there were the following mink farms in England:

County	*Number of licensed mink farms*
Cornwall	1
Dorset	1
Hampshire	1
Isle of Wight	1
Lancashire	6
Northumberland	1
Staffordshire	1
South Yorkshire	1
West Yorkshire	2
Total	15

There is no requirement to register fox fur farms. However, I am not aware of any in England and Wales.

Rare and Endangered Species

Mr. Coaker: To ask the Minister of Agriculture, Fisheries and Food what steps he is taking to review agricultural and food policies in order to safeguard rare and endangered species. [5183]

Mr. Rooker: The Government are fully committed to protecting biodiversity and will take account of this when considering all relevant aspects of agricultural and food policies.

Slaughterhouse Pre-stunning Equipment

Sir Richard Body: To ask the Minister of Agriculture, Fisheries and Food what steps he plans to take to ensure compliance by abattoirs with paragraph 9(a)(ii) of Schedule 5 to the Welfare of Animals (Slaughter or Killing) Regulations 1995; and if he will make a statement. [6066]

Mr. Morley: Recent developments will help both enforcement staff and slaughterhouse operators to ensure full compliance with this requirement. A testing unit has been developed which will confirm whether electrical stunning equipment contains an effective impedance device ("fail-safe"). In addition, a "fail-safe" device which may be fitted into existing stunning equipment is expected to be available commercially later this year. Once this equipment is available, appropriate enforcement action will then be taken when necessary.

Sir Richard Body: To ask the Minister of Agriculture, Fisheries and Food what steps he plans to take to reduce the incidence of pre-stun electric shocks experience by turkeys at slaughter; and if he will make a statement. [6065]

Mr. Morley: The Government wish to see the highest standards of welfare at slaughter and this is one area where improvement can be achieved. Research, funded by this Ministry and others, has already suggested ways of reducing pre-stun shocks, and commercial trials on further developments are in progress. We are also supporting proposals issued by the European Commission to amend the present rules on slaughter to require slaughterhouse operators to take measures to prevent pre-stun shocks in turkeys.

Association of Sea Fisheries Committees

Mr. Bernard Jenkin: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement on his statutory annual meeting with the Association of Sea Fisheries Committees. [6071]

Mr. Morley: I represented the Minister at the annual statutory meeting with the Association of Sea Fisheries Committees (ASFC) which was held on the afternoon of 25 June. All twelve SFCs were represented, along with officials from their association and the Environment Agency. Officials from this Department and the Welsh Office were also present.

There was a useful discussion of progress on a range of issues which the ASFC has requested for discussion. These included the implications for them of the local government review in England and Wales, the Sea Fisheries Regulation Act 1966, technical conservation, shellfish licensing and bass conservation.

Bees

Sir Richard Body: To ask the Minister of Agriculture, Fisheries and Food what European Commission proposals are currently under discussion in respect of bee health; what estimate he has made of their cost to the British Government; and in what respects they differ from measures already taken on a national level. [6090]

Mr. Rooker: The Commission proposal for a regulation concerning the production and marketing of honey was adopted at the Council of Ministers meeting of 23–25 June. The regulation's main aim is to assist the beekeeping sector in dealing with the burden of the bee disease varroa.

The programme will cost 15 mecu annually from 1998 (£10.81 million using the June 1997 exchange rate of 1 ecu = £0.7208). The gross United Kingdom contribution to this new expenditure would be 2.2 mecu (£1.6 million). However, the regulation will involve 50 per cent. reimbursement of eligible items of expenditure made under approved programmes. There could thus be some receipts from the Commission under the bee programme to set against the expenditure, but no final decision has yet been taken. At present we spend £1.5 million annually on bee health measures, some of which would be eligible for reimbursement.

Ritual Slaughter

Mr. Colvin: To ask the Minister of Agriculture, Fisheries and Food (1) which religious bodies he has met to discuss proposed legislation to make ritual slaughter more humane; [6239]

(2) what plans he has to proceed with the draft Bill drawn up by the last Government to make ritual slaughter more humane. [6238]

Mr. Morley: The Government has no plans to introduce new legislation on religious slaughter without prior stunning, which is already subject to detailed statutory requirements. We will, however, be looking to discuss the requirements of the religious communities with a view to encouraging, where possible, an increase in the incidence of stunning before slaughter.

SCOTLAND

PFI Projects (Effect on Staff)

Mr. McAllion: To ask the Secretary of State for Scotland if he will ensure that NHS staff transferred to private sector employers under PFI projects retain the same wages, conditions and rights as when they were directly employed by the NHS. [5863]

Mr. Galbraith: In general terms, NHS employees who transfer to the employment of a private operator are protected by the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE). TUPE protects the contract of employment at the point of transfer to the new employer. Thereafter, pay and other terms and conditions of service may only be changed as a result of the normal joint process of negotiation between employer and staff, and with the agreement of both sides. Under common law, any significant variance from the terms of an existing contract of employment could represent a breach of contract.

Despite the protection offered by TUPE regulations described above, some staff may be concerned about transferring from the NHS to private sector employment. There are benefits for the NHS in the inclusions of service elements in current models of PFI, but it is also important to take the interests of employees fully into account, and we shall do so in the fundamental review of PFI in Health that is being currently undertaken.

Mr. McAllion: To ask the Secretary of State for Scotland what estimate he has made of the number of staff currently directly employed by the NHS who will *(a)* lose their employment and *(b)* transfer to private sector employers under the PFI proposal to build the new Edinburgh Royal Infirmary. [5864]

Mr. Galbraith: As a new hospital we expect the new Royal Infirmary to provide considerable efficiency savings particularly as it will be situated on only two sites whereas at present it comprises seven hospitals on four sites. We recognise, therefore, that there will be implications for staffing levels. The Trust will manage this process over a 5 year period and it is expected that excess posts can be shed mainly through natural losses.

Around 190 non-clinical staff will transfer to work for the private sector employer.

Public Appointments

Mr. McAllion: To ask the Secretary of State for Scotland what steps he is taking to include local communities in appointments of board members of non-departmental public bodies in Scotland. [5865]

Mr. Dewar: I believe that local communities should be prominently represented on public bodies whose work affects their areas. I have already announced measures to strengthen local democratic control of the Scottish water authorities. I shall continue to look for further opportunities to strengthen local community representation on the boards of non-departmental public bodies.

Dr. Godman: To ask the Secretary of State for Scotland what plans he has to modify public appointment procedures; and if he will make a statement. [5342]

Mr. Dewar *[holding answer 26 June 1997]:* We are committed to full implementation of the Nolan procedures on public appointments. I am considering with colleagues how this might best be taken forward.

Devolution

Mr. Burstow: To ask the Secretary of State for Scotland what his Department plans to spend on advertising the availability of postal votes before the proposed referendum on Scottish devolution. [5856]

Mr. McLeish: The Department plans to run a campaign to alert absent voters to the arrangements for voting in the referendum. The details of the planned campaign are still under consideration.

Foxes

Mr. Flynn: To ask the Secretary of State for Scotland what assessment he has made of the benefits to forests of foxes; and if he will make a statement. [5822]

Mr. Chisholm *[holding answer 1 July 1997]:* The Forestry Commission will publish a paper later this year setting out the results of its review of the available information on foxes and forestry. Foxes are an integral part of the woodland ecosystem. In particular, they are natural predators of rabbits and voles, both of which can damage young trees.

Museums

Mr. Garnier: To ask the Secretary of State for Scotland if he will list the museums in Scotland which receive non-formula funding from the Higher Education Council. [6319]

Mr. Wilson *[holding answer 1 July 1997]:* Museums which received specific grants for 1996–97 from the Scottish Higher Education Funding Council were the:

Marischal Museum, University of Aberdeen.

Russell Collection, University of Edinburgh.

Collection of Historical Musical Instruments, University of Edinburgh.

Hunterian Museum and Art Gallery, University of Glasgow.

University Collections, University of St. Andrews.

Mr. Garnier: To ask the Secretary of State for Scotland what is his Department's policy with regard to the funding of university museums; and if he will make a statement. [6309]

Mr. Wilson *[holding answer 1 July 1997]:* University Museums play an important part in maintaining, and enhancing access to, our intellectual and cultural heritage. Responsibility for funding of University Museums lies primarily with the parent universities, together with the Scottish Higher Education Funding Council and The Scottish Office.

Mr. Garnier: To ask the Secretary of State for Scotland what proposals he has to co-ordinate policy with the Department for Education and Employment and the Department of National Heritage with regard to the funding of university museums; and if he will make a statement. [6308]

Mr. Wilson *[holding answer 1 July 1997]:* The Secretary of State for Scotland has responsibility for funding of University Museums in Scotland, and consults on major policy issues with Ministers from the Department for Education and Employment and the Department for National Heritage.

Mr. Garnier: To ask the Secretary of State for Scotland if he will list the museums in Scotland *(a)* owned and *(b)* managed by universities. [6314]

Mr. Wilson *[holding answer 1 July 1997]:* There are 29 museums owned and managed by universities in Scotland and registered with the Museums and Galleries Commission. A list of registered museums in Scotland drawn up by Museums and Galleries Commission is available in the Library.

NORTHERN IRELAND

Fair Employment Commission

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland what is the religious and political breakdown of the members of the Fair Employment Commission. [5574]

Mr. Ingram: The religious breakdown of the current membership of the Board of the Fair Employment Commission is as follows:

4 Protestants

3 Catholics

2 Other

The information requested on political breakdown is not available.

Fox and Mink Factory Farms

Mr. Coaker: To ask the Secretary of State for Northern Ireland how many fox and mink factory farms there are in Northern Ireland by county. [5556]

Mr. Murphy: None.

Sir David Fell

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland from what date the retirement pension of Sir David Fell will be paid. [5571]

Mr. Murphy: Under the terms of the Principal Civil Service Pension Scheme (Northern Ireland) Sir David Fell will receive payment of an annual compensation payment equal to his preserved pension from 1 October 1997 until age 60 at which time his retirement pension will be paid.

Dundonald Training Centre

Mr. John D. Taylor: To ask the Secretary of State for Northern Ireland which courses are being retained at Dundonald Training Centre; which courses will cease to exist this year; if the training centre will be required to limit the number of trainees it accepts; and if she will make a statement. [5488]

Mr. Worthington: Responsibility for the subject in question has been delegated to the Training and Employment Agency under its Chief Executive, Mr. Ian Walters. I have asked him to arrange for a reply to be given.

Letter from Ian Walters to Mr. John D. Taylor, dated 27 June 1997:

The Secretary of State for Northern Ireland has asked me, as Chief Executive of the Training and Employment Agency, to reply to your question about the courses being retained, or not retained, at Dundonald Training Centre and the overall limitation on numbers at the Centre.

In the training year commencing September 1997, Dundonald Training Centre will offer apprenticeship training in Mechanical Engineering, Electrical Engineering, Fabrication, Light Vehicle Repair, Light Vehicle Body Repair, and Contractors Plant Maintenance.

Apprenticeship courses for construction industry trades will not be available to new entrants but the Centre will ensure that trainees in this sector who have completed their training at Dundonald

continue to be monitored during their subsequent period of employer based training. The Business Administration class previously offered at the Centre will also cease.

Short term courses to meet the needs of employers and, in particular, courses in natural gas fitting will continue to be offered wherever possible.

All the Agency's Training Centres limit the number of trainees they accept in line with the resources available. Dundonald Training Centre will be limited to 75 new entrants in its Jobskills programme in 1997/98. There is no limit to the number of trainees who may be admitted to courses which are directly funded by employers.

Director of Public Prosecutions

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland what steps her Department is taking to increase the speed at which the Office of the Director of Public Prosecutions processes cases to conclusion; and if she will make a statement about its targets. [5573]

Mr. Ingram: The Northern Ireland Office is responsible for providing the Director of Public Prosecutions for Northern Ireland with staff, accommodation and other resources. The Director, who is independent of government, is superintended in the due performance of his functions under the Prosecution of Offences (Northern Ireland) Order 1972, by the Attorney General for Northern Ireland.

The Northern Ireland Office, both in relation to the Office of the Director of Public Prosecutions and, as part of its general responsibility for criminal justice in Northern Ireland, seeks to maintain and improve the efficiency of the criminal justice system as a whole. Measures in hand include responsibility for an administrative time limits scheme, research commissioned in conjunction with other criminal justice agencies on the time taken to investigate and process prosecutions, and, facilitating work by inter-agency working groups tackling delay issues.

Under the administrative time limits scheme, an overall time limit is set for custody cases of 10 months from first remand before the Magistrates' Court to arraignment at the Crown Court. Within this scheme, time limits are set for individual stages; performance in these stages will depend on various criminal justice agencies including the Royal Ulster Constabulary and the Northern Ireland Court Service and not solely the Office of Director of Public Prosecutions. The overall target from receipt of a police investigation file by the Director to committal for trial to the Crown Court is 97 days. In 1996, this was met in 73 per cent. of scheduled cases and 86 per cent. of non-scheduled cases respectively.

A number of cases arising in Northern Ireland are of a particularly complex nature, whose investigation and preparation is necessarily prolonged. Nevertheless, it is vital to continue to explore means of avoiding delay. My Department, in conjunction with others more directly involved in the criminal justice process, is continuing to investigate ways in which delay can be addressed at every stage.

Royal Group of Hospitals, Belfast

Mr. McGrady: To ask the Secretary of State for Northern Ireland what representations she has received in respect of the recent introduction of car parking charges at the Royal Group of Hospitals in Belfast; and if she will make a statement. [5409]

Mr. Worthington: Representations have been received from the hon. and learned Member for North Down (Mr. McCartney) and the hon. Member for South Down (Mr. McGrady), some local councils and the Trade Unions. The need to expand the car parking facilities has been driven by the loss of some 500 spaces subsumed by the planned development scheme. The Royal Group of Hospitals and Dental Hospitals Health and Social Services Trust considered that the private finance route was the only feasible option to expand and improve the car parking facilities. The Trust thinks that the imposition of a car parking charge is preferable to diverting resources from the provision of patient care. Discussions have taken place with the Trade Union side and I am hopeful that the situation will be resolved to the benefit of patients and staff and all those involved in this matter.

Public Appointments

Mr. Godman: To ask the Secretary of State for Northern Ireland what plans she has to modify public appointment procedures; and if she will make a statement. [4420]

Mr. Paul Murphy *[holding answer 24 June 1997]*: Ministerial appointments to executive non-departmental public bodies in Northern Ireland have been subject since 1 July 1996 to the Code of Practice and Guidance of the Northern Ireland Commissioner for Public Appointments, whose Office was created on the recommendation of the Nolan Committee on Standards in Public Life. The Government will be seeking opportunities to ensure that the appointments process is as open and inclusive as possible, and will be considering with the Commissioner whether his remit should be extended to other public bodies.

Extradition

Mr. Roy Beggs: To ask the Secretary of State for Northern Ireland what progress has been made in obtaining co-operation from the United States Government for the extradition of George Finbar Ross to Northern Ireland to answer charges relating to the collapse of International Investments Ltd. Gibraltar. [4575]

Mr. Ingram: There has for some time been good co-operation with the United States Government, through the Department of Justice, in the matter of the extradition of George Finbar Ross. Discussions with the United States Government on the case are continuing.

Disturbances (Belfast)

Mr. William Ross: To ask the Secretary of State for Northern Ireland what were the police costs associated with disturbances in the Limestone road area of Belfast during the past year. [4068]

Mr. Ingram: It is not possible to give separately costs specifically associated with disturbances in the Limestone road area.

WALES

"Welsh Economic Trends"

Mr. Wigley: To ask the Secretary of State for Wales if he will publish annually "Welsh Economic Trends". [5436]

Mr. Hain: The information previously published in Welsh Economic Trends is now published regularly in other volumes. Data on the Welsh economy are published annually in the Digest of Welsh Statistics; in addition, economic data for local authorities and other areas now appear annually in the Digest of Welsh Local Area Statistics.

Nursery Education

Mr. Barry Jones: To ask the Secretary of State for Wales (1) what plans he has to improve nursery education provision in rural areas; [6101]

(2) what assessment he has made of the adequacy of nursery provisions in rural areas. [6102]

Mr. Hain: At January 1996, over 90 per cent. of four year olds were receiving education in state schools. In predominantly rural areas, provision ranged from 70 per cent. in Gwynedd to 100 per cent. in Powys. Resources provided for the 1997–98 financial year are geared to funding at least a half-time place for every four year old in Wales whose parents want this. From April 1998, local authorities will be expected to produce early years development plans. These will address the issues of demand for places, additional provision needed to meet any shortfall, and the quality of provision.

Low Pay Commission

Mr. Öpik: To ask the Secretary of State for Wales if he will ensure that the Low Pay Commission consults the small business sector in Wales; and if he will make a statement. [6085]

Mr. Hain: I have ensured that the Low Pay Commission will consult widely in Wales; including the Federation of Small Businesses, whom I met recently to discuss this precise matter.

SOCIAL SECURITY

State Retirement Pension

Mr. Quentin Davies: To ask the Secretary of State for Social Security what would be the annual cost to public funds, net of savings in other social security expenditure, of increasing the basic state retirement pension by £5 per week for a single person, and by £8 for a married couple. [3531]

Mr. Denham: Security in retirement will be one of our key priorities. We will retain the Basic State Pension as the foundation of pension provision, increasing it at least in line with prices. The estimated net cost of increasing the standard rate of Basic State Pension by £5 for a single person and £8 for a married couple in 1997–98 is £2.1 billion.

Source:

Gross costs provided by Government Actuary's Department based on April 1997 estimates. Net costs have been calculated by the Department of Social Security Analytical Services Division.

Notes:

1. Figure is rounded to the nearest £100 million.

2. Calculation assumes that increases apply to Retirement Pension and all linked benefits (i.e.: Widows Benefits, Incapacity Benefit, Non-Contributory Retirement Pension and Industrial Injuries Death Benefits and Adult Dependency Increases paid with these benefits).

Disabled People (Computer Equipment)

Mr. David Atkinson: To ask the Secretary of State for Social Security what grants and allowances for computer equipment are available to meet the specific needs of disabled people. [4378]

Mr. Field: The Government's overall objective in providing equipment to disabled people is to help them live as fully and independently as possible.

The Department for Education and Employment has the main responsibility for making grants and allowances to disabled people in order to remove barriers to employment. The largest area of support is through the Employment Service's Access to Work programme. Last year the programme helped around 10,000 disabled people with specialist support and equipment, tailored to their individual needs. No details are held on grants given specifically for the purchase of Information Technology.

In addition computers are supplied in some cases by the National Health Service, mainly as communication aids to people with communication difficulties. The National Health Service also supplies electronic environmental controls to help severely physically disabled people operate home appliances, which provide access to computers where necessary.

Grants and allowances for computer equipment are not generally available through the Social Security system.

Cold Weather Payments

Mr. Evans: To ask the Secretary of State for Social Security how many cold weather payments were made; and how much was spent on cold weather payments in the winter of 1996–97. [4724]

Mr. Keith Bradley: During the winter of 1996–97, almost five million cold weather payments worth over £42 million were issued.

Housing Benefit (Portsmouth)

Mr. Hancock: To ask the Secretary of State for Social Security how many people are claiming housing benefit in Portsmouth; and what were the figures for *(a)* 1974, *(b)* 1979, *(c)* 1988 and *(d)* 1996. [4742]

Mr Keith Bradley: The existing Housing Benefit scheme was introduced only in 1988. In November 1996, the latest date for which figures are available, Portsmouth City Council paid housing benefit to 21,190 recipients.

Source:

Housing Benefit Management Information System (HBMIS) quarterly caseload count.

Notes:

1. Recipients may be a single person or a couple. 2. The local authority advises that 3,900 of the recipients were tenants of Portsmouth council properties in Havant.

Internet

Mr. Sheerman: To ask the Secretary of State for Social Security what use she plans to make of the Internet to make Government more open. [5100]

Mr. Field: The Government is looking at ways to be responsive and accessible through electronic communication. The Department already has a presence on the Internet World Wide Web with information about

Social Security and the work of the Department and its Executive Agencies. We see the Internet as an important tool in our plans to modernise the Social Security system, and in helping us to provide more and better quality information to the public. In developing its use we will have regard to the needs of all our customers (many of whom may not have ready access) and to data protection and other issues.

Child Support

Mr. Kirkwood: To ask the Secretary of State for Social Security in respect of how many cases *(a)* her Department and *(b)* a Child Support Officer has sought leave to appeal against Child Support Commissioner decisions to the Court of Appeal. [5305]

Mr. Keith Bradley: The Chief Child Support Officer has sought leave to appeal the decisions of Child Support Commissioners in five cases. In one case leave to appeal was ruled out of time by the Commissioner. Leave to appeal on three cases was refused initially by Commissioners, but subsequently granted by the Court of Appeal. All four of these cases involved joint applications by the Chief Child Support Officer and the Secretary of State. In the remaining case the Chief Child Support Officer alone applied for leave to appeal, but this was not determined by the Commissioner who invited a late application for the decision in question to be set aside (the application to set aside was made, accepted and the decision duly set aside).

The Secretary of State has made no applications for leave to appeal a Commissioner's decision in addition to those made jointly with the Chief Child Support Officer.

Mr. Kirkwood: To ask the Secretary of State for Social Security what plans she has to introduce the penalty for late payments of child support maintenance provided for under section 41A of the Child Support Act 1991; and what form this penalty will take. [5249]

Mr. Bradley: The Government believes that all children are entitled to the support of both parents, irrespective of where they live. We will be looking carefully at the steps that can be taken to encourage absent parents to pay the maintenance they owe and we will consider whether a financial penalty under section 41A of the Act might have a part to play in achieving that aim. In the meantime, administrative arrangements are in place under which persistent non-payers can be required to pay up to 40 per cent. of their net income in current maintenance and arrears, rather than the usual maximum of 33 per cent.

Benefit Entitlement (Capital Limits)

Mr. Hinchliffe: To ask the Secretary of State for Social Security if she will review the notional income levels from capital for benefit entitlements. [5057]

Mr. Keith Bradley: We want to develop a Social Security system that supports work, savings and honesty. Our first steps are to focus on helping people off welfare and into work and to review the central areas of insecurity for older people. As time and resources permit, we will be examining other aspects of current benefit rules.

The notional (tariff) income from capital attempts to strike a balance between encouraging people to save and an expectation that people with more substantial savings can make some contribution towards their living expenses from those savings. The tariff is currently applied if a person has over £3,000 in capital, unless they are in a residential care or nursing home, or in certain types of residential accommodation, in which case it is applied only on savings over £10,000.

Appeal Tribunals

Mr. Wallace: To ask the Secretary of State for Social Security (1) what was the average waiting time between the submission of an appeal and the tribunal hearing in respect of *(a)* social security appeal tribunals, *(b)* child support appeal tribunals, *(c)* disability appeal tribunals and *(d)* medical appeal tribunals, in (i) Scotland, (ii) Orkney and (iii) Shetland in (1) 1995 and (2) 1996; [6041]

(2) how many applicants who have submitted an appeal to the Social Security Appeal Tribunal since 1 January 1995 in *(a)* Scotland, *(b)* Orkney and *(c)* Shetland have had to wait more than (i) three months, (ii) six months, (iii) one year and (iv) 18 months or more for a tribunal hearing to take place; [6043]

(3) how many applicants who have submitted an appeal to the Disability Appeal Tribunal since 1 January 1995 in *(a)* Scotland, *(b)* Orkney and *(c)* Shetland have had to wait more than (i) three months, (ii) six months, (iii) one year and (iv) 18 months for a tribunal hearing to take place; [6045]

(4) how many applicants who have submitted an appeal to the Medical Appeal Tribunal since 1 January 1995 in *(a)* Scotland, *(b)* Orkney and *(c)* Shetland have had to wait more than (i) three months, (ii) six months, (iii) one year and (iv) 18 months for a tribunal hearing to take place; [6042]

(5) how many applicants who have submitted an appeal to the Child Support Appeal Tribunal since 1 January 1995 in *(a)* Scotland, *(b)* Orkney and *(c)* Shetland have had to wait more than (i) three months, (ii) six months, (iii) one year and (iv) 18 months or more for a tribunal hearing to take place. [6044]

Mr. Keith Bradley: We intend to bring forward legislation to speed up appeals arrangements for all Social Security matters. Further details will be announced shortly.

Questions on the operational performance of the Independent Tribunal Service should be directed to its President, Judge Bassingthwaighte.

Absent Parents

Mr. Pearson: To ask the Secretary of State for Social Security, pursuant to his answer of 24 June, *Official Report*, column *490*, in what circumstances child support assessments may exceed 30 per cent. of an absent parent's net income. [6051]

Mr. Keith Bradley: An absent parent may be required to pay more than 30 per cent. of his net income, as assessed under the maintenance formula, if he is subject to an interim maintenance assessment because he has not co-operated with the Child Support Agency or if he owes arrears. Any absent parent who has co-operated with the

Agency will retain at least 70 per cent. of his net income. In exceptional circumstances, an assessment may also exceed 30 per cent. of an absent parent's net income where the £1 de minimis rule on a change of circumstances applies and assessment is not immediately revised; or where the absent parent is required to pay the minimum amount (currently £5 a week) and his total income is £16.66 or less a week.

Industrial Injuries

Mr. Öpik: To ask the Secretary of State for Social Security if she will make a statement on the rules governing Industrial Injuries Disablement Benefit for the prescribed disease occupational deafness. [6084]

Mr. Denham: Industrial Injuries Disablement Benefit can be paid if a person has worked for an employer for 10 years in certain jobs where noise is a hazard, and they have suffered a hearing loss of at least 50 decibels in both ears due to damage in the inner ear, and in at least one ear this damage was due to noise at work. A person must have worked in one of the specified jobs at some time during the five years before they make their claim. A wide range of jobs is specified in the regulations, and the Government are advised by the independent Industrial Injuries Advisory Council about those jobs which they consider are particularly at risk and should be added to the regulations. The Council is currently reviewing the list of diseases for which benefit can be paid, including occupational deafness.

The rules for claiming Industrial Injuries Disablement Benefit for occupational deafness, and the jobs which are covered, are clearly set out in leaflet NI 207 produced by the Benefits Agency which is widely available.

Departmental Spending Plans

Mr. Burgon: To ask the Secretary of State for Social Security if she will make a statement on Her Department's spending plans. [6787]

Ms Harman: My main priorities are to tackle social division and worklessness. Work is the best form of welfare and our New Deal will be an investment in the future of lone mothers, the young jobless and the long-term unemployed. We will also bring forward proposals to extend the New Deal to sick and disabled people. My Department's spending will no longer be used as an alternative to the proper strategy of ensuring that all of our people share in our economic prosperity.

Spending plans for the immediate future, 1997–98 and 1998–99, assume that a number of measures announced in the November 1996 Budget will be taken forward. I have undertaken a rigorous review of this unwelcome legacy and have made some changes. The details of the New Deal for lone mothers and the changes to the proposals I inherited are as follows:

Lone mothers

We have today announced our New Deal for Lone Parents to help them take-up work. We will offer help and advice on jobsearch, childcare and training to 40,000 lone parents this year and half a million next year.

Childcare

The allowance for childcare costs in Family Credit, Housing Benefit, and Council Tax Benefit will be extended and improved to make it easier for lone parents and breadwinners with disabled partners to return to work.

From April 1998 the disregard for childcare costs will be increased from a maximum of £60 to £100 a week where there are two or more children in the family and the maximum eligible age will be increased from 11 to 12.

These measures will be financed from the windfall levy and will cost some £200 million over this Parliament.

Child Support Agency

An additional £15 million a year will be invested from 1998–99 to assist lone mothers. This funding will help them by raising an extra £120 million in maintenance and will ensure that absent parents face up to their obligations.

Housing Benefit

The extension of the single room rent to those aged 25 to 59 will not now proceed in October. The cost of this will be met in part by adjusting the level of non-dependent deductions from next April. We intend to protect the position of those in greatest need.

Jobseeker's Allowance

The previous Government decided that the waiting days before Jobseeker's Allowance becomes payable will be increased from 3 days to 7 days from April 1999. However, by managing the cycle of Jobseeker's Allowance payments, we will ensure that nobody will have to wait more than the current maximum time before they receive their first payment of benefit.

I am committed to keeping my spending within the ceiling for social security expenditure already announced. I am also committed to modernising the social security system. The following measures will ensure that overall spending is contained and represent a step forward in modernising the system.

The time limit of three months for claiming social security benefits will be reduced to one month, in line with the current backdating rules where there is a change of circumstances. These limits will apply to Housing Benefit and Council Tax Benefit.

The intention is that the new provisions will come into force from June 1998, except for Housing Benefit and Council Tax Benefit which is subject to necessary legislation and has a planned date of introduction from October 1998.

The alignment of the time limits will be an integral part of modernising and streamlining the social security system and underlines the importance of people making their claims promptly.

In addition improved Social Fund loan recoveries allow for the planned level of gross funding to be delivered with £3 million less net budget, releasing these savings to be used elsewhere. The discretionary Social Fund gross budget for this year remains at £467.5 million, an increase of £27.5 million over 1996–97.

Other measures announced in the November 1996 Budget but not implemented by the time of the General Election will go ahead as planned. They are as follows:

new arrangements for Compensation Recovery;

the abolition of the 50 per cent. top-up which allowed certain rents above the average to be met in Housing Benefit;

restricting Council Tax Benefit so that claimants with property in Bands F, G and H, have their Council Tax Benefit restricted to that of Band E;

removing the right to claim Disability Living Allowance for those aged between 65 and 66;

standardising the date on which child allowances are reviewed in Family Credit and Disability Working Allowance.

Withdrawal of entitlement to Lone Parent Family Premium in Income Support for new claimants will take effect in April 1998. Withdrawal of the lone parent rate of Child Benefit is subject to necessary legislation, and is now expected to come into effect from June 1998.

These measures are necessary to ensure that social security expenditure remains within the previously announced ceilings. The re-prioritising of expenditure in this package is the beginning of an urgent and long overdue reform of the social security system. We have no illusions about the size of the task, but the rewards for getting it right for individuals, for society and for public expenditure are enormous.

Publications (Blind and Partially Sighted People)

Mr. Burstow: To ask the Secretary of State for Social Security how many of her Department's publications have been available in *(a)* Braille, *(b)* audio tape and *(c)* large print in each year since 1992; and what percentage of the total number of publications this represents in each case. [3604]

Mr. Field *[holding answer 17 June 1997]:* I am sorry that the information requested by the hon. Member is not available in the format requested. Such information as is available is reproduced in the table.

Year	*Braille*	*Audiotape*	*Large print*
1992	n/a	4	n/a
Percentage of total publications	n/a	n/a	n/a
1993	21	4	4
Percentage of total publications	13	2	2
1994	31	10	4
Percentage of total publications	17	6	2
1995	44	16	15
Percentage of total publications	22	8	7
1996	53	23	17
Percentage of total publications	26	11	8
1997	52	28	16
Percentage of total publications	24	13	7

1. n/a = not available.
2. A full list of Departmental information that is available in alternative formats is listed in CAT 1. A Catalogue of leaflets, posters and information.

Benefits Agency

Mr. Pond: To ask the Secretary of State for Social Security what was the performance of the Benefits Agency in 1996–97 against its targets for processing claims from newly unemployed people. [5444]

Mr. Field: Our objective is to reduce poverty and welfare dependency and to promote work incentives. We will streamline services to provide better, simpler more efficient services to clients within this framework. Operational matters of the Benefits Agency are the responsibility of Peter Mathison, its Chief Executive. I have asked him to write directly to the hon. Member and for his reply to be published with the answer.

Letter from Peter Mathison to Mr. Chris Pond, dated 1 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking what was the performance of the Benefits Agency in 1996–97 against its target for processing claims from newly unemployed people.

The information is not available in the format requested. Claims made by unemployed people between 1 April 1996 and 6 October 1996 would have been for Income Support and Unemployment Benefit. Performance data on Income Support is not broken down into individual client groups and Unemployment Benefit was administered by Employment Services.

However JobSeekers Allowance was introduced on 7 October 1996. This replaced Unemployment Benefit and Income Support for unemployed people. Details of JSA performance against targets are shown in the attached tables.

I hope you find this reply helpful.

JSA performance and targets—1996–97
(from 7 October 1996–31 March 1997)

Target: JSA claims clearance (BA)

	Per cent.
Percentage of claims to be cleared in 6 days	65
1996–97 performance	84
Percentage of claims to be cleared in 14 days	90
1996–97 performance	96

[1] Measures performance from the date the claim was received by the BA from the Employment Service to the date the decision on the claim was notified to the customer.

Target 1: JSA claims clearance (overall)

	Per cent.
Percentage of claims to be cleared in 10 days	65
1996–97 performance	70.2
Percentage of claims to be cleared in 21 days	90
1996–97 performance	94.7

[1] Measures performance from the date the claim was received by the Employment Service to the date the decision on the claim was issued to the customer by the BA.

Camborne Benefits Advice Shop

Ms Atherton: To ask the Secretary of State for Social Security (1) on what date the decision was taken to close Camborne benefits advice shop; and when the proposed closure will come into effect; [2174]

(2) which criteria were used in making the decision to reduce the service at Camborne benefits advice shop; and if she will make a statement. [2175]

Mr. Field: One of our key aims is that delivery of service should be simpler and more efficient. No decision about changes will be made until an alternative has been carefully piloted and that the service meets our objectives. Queries on operational matters are for the Chief Executive of the Benefits Agency, Peter Mathison. He will write to the hon. Member.

Letter from Peter Mathison to Ms Candy Atherton, dated 1 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Questions asking on what date the decision was taken to close Camborne benefits advice shop; when the proposed closure will come into effect and which criteria were used in making the decision to reduce the service at that advice shop.

No decision has been made to close Camborne benefits advice shop. However, as you will be aware, following your meeting with the Cornwall Divisional Manager Peter Duke on 30th May, the licence to occupy the advice shop premises expires in December 1997.

Consultation always takes place before a decision is taken to close a Benefits Agency (BA) advice shop. Preliminary consultation with customers and customers' representatives on the future of Camborne benefits advice shop and alternative possible ways of meeting customers' needs has already commenced.

We are running a two month pilot exercise from 9 June to deliver an advice service from Camborne Employment Services Job Centre (ESJ) on Mondays, Wednesdays and Fridays. For the duration of the trial, the advice shop will be closed on those days and open on Tuesdays and Thursdays. The ESJ is situated five minutes walk from the advice shop.

Following the trial, an evaluation of its effectiveness will take place, taking into account views of the public and their representatives. We are directing our resources to where they are needed most and BA Divisional Managers, using their local knowledge, will continue to review the service they provide to ensure that the needs of our customers are met and that the tax payer receives value for money.

I hope you find this reply helpful.

Benefits Agency Staff

Mr. Todd: To ask the Secretary of State for Social Security how many staff were employed on temporary or fixed-term contracts in the Benefits Agency *(a)* at the latest date for which figures are available, *(b)* 12 months before that date and *(c)* 24 months before that date. [4868]

Mr. Field: Modernising the Social Security system is a key priority of the Government. We will streamline services to provide better, simpler more efficient services to clients. As recruitment into the Benefits Agency is a matter for Peter Mathison, its Chief Executive, I have asked him to write directly to the hon. Member and for his reply to be published with the answer.

Letter from Peter Mathison to Mr. Mark Todd, dated 1 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking how many staff were employed on temporary or fixed term contracts in the Benefits Agency at the latest date for which figures are available, 12 months before that date and 24 months before that date.

The information requested is shown in the table below:

	30 April 1995	*30 April 1996*	*30 April 1997*
Casuals	3,978	3,403	4,010
Fixed term appointments	2,608	3,658	4,359

Figures are provisional and subject to change.

I hope you find this reply helpful.

CABINET OFFICE

Meetings

Mr. Baker: To ask the Minister without Portfolio if he will list the meetings he has had since 1 May with *(a)* Cabinet colleagues and *(b)* others in respect of the Royal Yacht; and if he will make a statement. [6168]

Mr. Mandelson *[holding answer 1 July 1997]:* It is not going to be my general policy to announce meetings I have with Ministerial colleagues and others on specific subjects.

DUCHY OF LANCASTER

Better Regulation Unit

10. **Mr. Mike Hall:** To ask the Chancellor of the Duchy of Lancaster if he will make a statement on the role of the Better Regulation Unit in his Department. [4936]

Dr. David Clark: The Government is committed to ensuring that regulations are simple, helpful and fair for business and the citizen.

The work of the Better Regulation Unit will contribute to my Department's White Paper on "New Government" to be published in the autumn, setting out a unified programme for the renewal of government.

Public Services (Young People)

15. **Mrs. Fyfe:** To ask the Chancellor of the Duchy of Lancaster what initiatives he is taking to consult young people on the use of public services. [4941]

Mr. Kilfoyle: My Department has organised a meeting with school-children from around the country next Monday, when I will be asking these citizens of the future for their views on public services.

Public Appointments (Freemasons)

16. **Mr. Gunnell:** To ask the Chancellor of the Duchy of Lancaster if he will make it his policy that all future applicants for public sector appointments should be asked to indicate if they are members of the Freemasons. [4942]

Mr. Kilfoyle: I see no need to do so as a general rule. The Commissioner for Public Appointments' Code of Practice already sets out the seven principles which must be applied to appointments to executive non-departmental public bodies and NHS bodies. All appointments must be governed by the overriding principle of selection based on merit, to ensure that those appointed have the abilities, skills and experience to match the needs of the posts in question.

Quangos

17. **Dr. Tony Wright:** To ask the Chancellor of the Duchy of Lancaster what proposals he has to improve the accountability of quangos. [4943]

Dr. David Clark: The Government is determined that all public bodies should be held to proper account and the full implementation of the Nolan recommendations, to which we are committed, will make quangos more transparent, accountable and efficient. I will be dealing with these matters in the forthcoming White Paper on Better Government.

27. **Mr. Pickthall:** To ask the Chancellor of the Duchy of Lancaster what representations he has received about changes to the numbers and structures of quangos. [4954]

Dr. Clark: The Government has received no formal representations. However, as was announced to the House on 4 June *Official Report*, column *192*, we propose to undertake a review of quangos with the aim of reducing overall numbers.

Freedom of Information

18. **Mr. Skinner:** To ask the Chancellor of the Duchy of Lancaster what recent discussions he has had with interested groups regarding a freedom of information Bill. [4944]

Dr. Clark: We have recently had useful discussions with the Campaign for Freedom of Information and with the National Consumer Council.

20. **Mr. Hanson:** To ask the Chancellor of the Duchy of Lancaster what progress has been made with regard to a publication date for his proposed White Paper on freedom of information. [4946]

Dr. Clark: Work on the White Paper remains on schedule for publication before the summer recess.

25. **Mr. Canavan:** To ask the Chancellor of the Duchy of Lancaster if he will make a statement about the time scale for legislation on freedom of information. [4952]

Dr. Clark: We plan to publish a draft Bill for public consultation early in the new year with a view to introducing a Bill as soon as the Parliamentary programme permits.

29. **Mr. John Smith:** To ask the Chancellor of the Duchy of Lancaster what consultation process he has set up for the development of freedom of information legislation. [4956]

Dr. Clark: I am keen to ensure full and comprehensive public consultation on this important Bill. I shall shortly be publishing a consultative White Paper setting out the Government's proposals and, in the light of comments received, plan to publish a draft Bill, also for consultation, early in the new year.

Open Government

19. **Mr. Rooney:** To ask the Chancellor of the Duchy of Lancaster what steps he has taken to make Government Departments more open. [4945]

Dr. David Clark: I refer my hon. Friend to the answer I gave earlier to my hon. Friend the Member for Ellesmere Port and Neston, (Mr. Miller).

Mr. Corbyn: To ask the Chancellor of the Duchy of Lancaster if he will make a statement on his policy on open government. [4950]

Dr. Clark: The Government is determined to bring greater transparency and openness to the working of Government and to public services more widely. Our proposed Freedom of Information Act is intended both to ensure people's right to official information and to improve the business of government itself.

Disabled People (Access to Information)

21. **Mr. Burstow:** To ask the Chancellor of the Duchy of Lancaster what consultations he *(a)* has had and *(b)* plans to have with organisations of and representing disabled people in relation to the publication of Government information in accessible formats. [4947]

Mr. Kilfoyle: The accessibility of government information for disabled people will be included in the planned consultation with the general public and with disability organisations on what people want from public services.

We welcome the views of all interested groups and individuals on the proposals to be set out in the Freedom of Information White Paper and subsequent draft Bill. The views and proposals of those representing the particular interests and needs of disabled people will, of course, be considered very carefully.

Efficiency and Effectiveness Group

22. **Mr. Ian Stewart:** To ask the Chancellor of the Duchy of Lancaster if he will make a statement on the role of the efficiency and effectiveness group in his Department. [4948]

Dr. David Clark: The Efficiency and Effectiveness Group comprises Efficiency Unit and the Next Steps Team. It is central to carrying out the Government's programme to provide high quality and efficient public services, at the lowest cost to the taxpayer. The Group supports departments (and their agencies and other public bodies) to improve the management of their business, by maintaining pressure for continuous improvement through the following measures: overseeing the creation and review of Next Steps agencies and monitoring their performance in the annual *Next Steps Review*; scrutinising departments' efficiency plans; sponsoring efficiency scrutinies, for example the recent scrutiny on prescription fraud, and other special studies. The Efficiency Unit, along with the No. 10 Policy Unit and the Treasury, is fully involved in the Government's Comprehensive Spending Review.

Deregulation

24. **Mr. Pike:** To ask the Chancellor of the Duchy of Lancaster what recent representations he has received in relation to deregulation. [4951]

Dr. David Clark: I regularly receive representations concerning deregulation and welcome further dialogue from interested parties. I am committed to delivering responsible and responsive regulation, listening to and involving business, particularly small firms, and the citizen in decisions.

New Government

26. **Mrs. Humble:** To ask the Chancellor of the Duchy of Lancaster with whom he intends to consult regarding his Department's New Government programme. [4953]

Dr. David Clark: We intend to consult widely, drawing on views from users of and staff involved in the range of public services, and from small businesses representatives, consumer organisations, academics and other interested individuals and organisations. I would welcome any suggestion my hon. Friend would like to put forward.

Special Advisers

28. **Mr. Clappison:** To ask the Chancellor of the Duchy of Lancaster if he will make a statement on the role of Special Advisers to Ministers. [4955]

Dr. David Clark: Special Advisers are appointed to provide advice to their Minister in the Development and Presentation of Government policy. They are employed under terms and conditions based on the Model Contract for Special Advisers, a copy of which has been placed in the Library of the House.

Written Answers to Questions

Thursday 3 July 1997

WALES

Economic Regeneration

Mr. Martyn Jones: To ask the Secretary of State for Wales when he expects his review of economic regeneration in Wales to be completed; and if, and in what form, he intends to publish the results. [5161]

Mr. Hain: My right hon. Friend and I intend to publish our proposals for an economic powerhouse for Wales in the White Paper which will issue before the summer recess and certainly well before the referendum. I will also be setting out my strategy for the Welsh economy in the coming months on which I will be consulting widely.

Welsh Assembly

Mr. Llew Smith: To ask the Secretary of State for Wales if there will be a requirement in job advertisements for the Welsh Assembly that fluency in Welsh would be essential or desirable. [5299]

Mr. Ron Davies: That will be a matter for the Assembly to decide.

Mr. Barry Jones: To ask the Secretary of State for Wales if he will make a statement on the date of the Welsh Assembly referendum. [6103]

Mr. Davies: The Welsh referendum will follow shortly after the Scottish. Announcements will be made in due course about the precise dates of each referendum.

School Polling Stations

Mr. Denzil Davies: To ask the Secretary of State for Wales what plans he has to avoid the need to close schools for use as polling stations in the forthcoming referendum on devolution. [6073]

Mr. Ron Davies: The organisation of the poll in each local authority area is a matter for the relevant returning officer. Polling places to be used in the referendum are to be the same as those used in council elections, but the returning officer has discretion, if he considers special circumstances exist, to designate some other place for taking the poll. In areas where schools are used for polling, it is therefore open to returning officers, if they consider special circumstances to exist, to designate other places as polling places for the referendum.

Transport Policy

Mr. Barry Jones: To ask the Secretary of State for Wales what plans he has to integrate transport in Wales; and if he will make a statement. [6099]

Mr. Ron Davies: I welcome my right hon. Friend the Deputy Prime Minister's announcement on 5 June honouring our election manifesto commitment to developing an integrated transport policy. This will, of course, embrace Wales and Welsh Office Ministers and officials will participate fully in drawing-up proposals for implementing the new policy, taking into account the views of a wide range of interested organisations.

We will, in any case, be looking closely at all transport issues in Wales during the course of the next few months, including priorities for the roads programme as part of the strategic review promised in the Welsh election manifesto. I intend to set the strategic review of the roads programme in the broader context of the development of a balanced, integrated transport policy for the Principality. The review will, therefore, consider not only the relative priority of particular routes and schemes within the programme, and the scope for altering those priorities, but wider issues including the need to manage the network more effectively and the scope to promote alternative transport modes where appropriate.

The review will consider afresh all schemes currently in the Welsh roads programme with the exception of the A55 dualling across Anglesey. In that case, I have decided that the strategic importance of the improvement is so great that it must proceed without delay subject, of course, to the successful completion of the legal and statutory procedures.

I will be initiating a process of wide public consultation on the review, and will publish a consultation document shortly. This consultation document will set out the present position, summarise the issues for consideration and suggest possible options for change, and will invite views from the widest possible range of organisations. I hope to announce the conclusions of the review next spring.

Referendum

Mr. Öpik: To ask the Secretary of State for Wales if postal votes will be available in the proposed referendum on devolution in Wales; and if he will make a statement. [6347]

Mr. Ron Davies: Postal votes will be available in the usual way for those voters who need them for the referendum.

Public Bodies

Mr. Öpik: To ask the Secretary of State for Wales what has been his Department's expenditure in each of the last five years on the boards of non-departmental public bodies; and if he will make a statement. [6323]

Mr. Ron Davies: Details of expenditure are published annually in the Cabinet Office publication, "Public Bodies", copies of which are available in the Library of the House.

Mr. Öpik: To ask the Secretary of State for Wales if he will list the non-departmental bodies which will be abolished in the event of a Welsh Assembly; what will be the savings to public funds of this process; and if he will make a statement. [6325]

Mr. Davies: Details of our proposals will be included in the White Paper on a Welsh Assembly which we shall be publishing shortly.

NHS Trusts

Mr. Alan Williams: To ask the Secretary of State for Wales if he will list the contracts of chairmen and chief executives of Welsh NHS trusts which terminate in *(a)* 1997–98, *(b)* 1998–99 and *(c)* 1999–2000. [6498]

Mr. Win Griffiths: The appointments of the following chairmen terminate as listed. Details of Chief Executives' contracts are not held centrally but in the NHS generally they have permanent or three year contracts which are rolled forward annually.

Appointments of NHS trust chairmen

	Trust
(a) 1997–98	
Mr. B. Thompson	Carmarthen and District
Mrs. L. George	Pembrokeshire and Derwen
Mr. I. Kelsall	East Glamorgan
Mr. R. H. Davies	Gwynedd Community Health
Mr. G. Drake	Gwynedd Hospitals
Sir Donald Walters	Llandough Hospital
Mr. R. Jenkins	Llanelli/Dinefwr
Mr. E. Rea	Mid Glamorgan Ambulance
Dr. G. Jones	Nevill Hall and District
Dr. B. Wolfenden	North Wales Ambulance
Mr. W. B. Davies	Rhondda Health Care
Mr. A. E. Robarts	Wrexham Maelor Hospital
(b) 1998–99	
Mr. F. P. Crawley	Bridgend and District
Mr. D. L. Crobsy	Cardiff Community Healthcare
Mr. R. Hopkins	Glan-y-Môr
Dr. T. Williams	South and East Wales Ambulance
Mr. A. S. Gould	University Dental Hospital
Mr. D. W. C. Morgan	UHW Healthcare
Mr. J. P. R. Hayes	West Wales Ambulance
(c) 1999–2000	
Ms E. Ebenezer	Ceredigion and Mid Wales
Mr. E. L. Fitzhugh	Clwydian Community Care
Mr. E. M. W. Griffith	Glan Clwyd
Mr. D. F. Jessopp	Glan Hafren
Mrs. F. N. Peel	Gwent Community Health
Professor Michael Vickers	North Glamorgan
Hon. L. A. T. Lewis	Powys Health Care
Mr. J. H. Button	Swansea

FOREIGN AND COMMONWEALTH AFFAIRS

Indonesian Military and Police Personnel

Ann Clwyd: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list by name and rank the Indonesian military, police, security and paramilitary police officers in respect of whom visa applications have been made to attend the International Police and Security Expo 97; and if he will identify those which were granted. [5692]

Mr. Fatchett *[holding answer 27 June 1997]:* We have not been asked to issue visas specifically for Indonesians attending the International Police and Security Expo 97.

Ann Clwyd: To ask the Secretary of State for Foreign and Commonwealth Affairs how many visas have been granted to Indonesian *(a)* military, *(b)* security, *(c)* police, *(d)* paramilitary and *(e)* special forces personnel visiting Britain in the last 12 months for which figures are available; for what purpose; and what is the policy of the Government on granting visas to the above categories of personnel. [5693]

Mr. Fatchett *[holding answer 27 June 1997]:* The British Embassy in Jakarta issued 29,931 visit visas for the United Kingdom last year. Statistics are not kept for the different categories of applicant and the information requested could therefore only be produced at disproportionate cost. All visa applications are processed in accordance with the criteria contained in the Immigration Rules.

UN (Budget Contributions)

Mr. Hancock: To ask the Secretary of State for Foreign and Commonwealth Affairs from what budget the United Kingdom will fund its additional contribution to the UN. [6353]

Mr. Tony Lloyd: Negotiations on the level of assessed contributions to be paid by Member States to UN budgets for 1998 and beyond will resume at the UN General Assembly in October. It is therefore too early to predict what change, if any, there might be in the level of the United Kingdom's assessed contribution.

The United Kingdom's assessed contribution to the UN Regular Budget will continue to be met from Vote 2 of this Department's budget.

Security Policy

Sir Geoffrey Johnson Smith: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the relationship between United Kingdom membership of *(a)* the WEU and *(b)* NATO in respect of United Kingdom security policy. [5723]

Mr. Tony Lloyd: NATO is the foundation of our defence and security. The Western European Union (WEU) is developing its capacity to contribute to European security and plays a key role in building the European Security and Defence Identity (ESDI) within the Alliance. It is pursuing its operational development as a means for Europeans to run crisis management operations, including operations using NATO assets and capabilities. The requirement that full members of the WEU are also NATO members, and the role of WEU in the arrangements for ESDI in the Alliance, mean that action taken by the WEU must be consistent with obligations in NATO.

Mr. Peter Lowes

Mr. Gerald Howarth: To ask the Secretary of State for Foreign and Commonwealth Affairs when he expects to answer the letter from the hon. Member for Aldershot, dated 13 May, concerning Mr. Peter Lowes. [6562]

Mr. Tony Lloyd: The subject matter of the hon. Member's letter of 13 May was complicated and required wide consultation. A substantive reply has been sent by my noble Friend the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, and a copy will be placed in the Libraries of the House.

Human Rights

Dr. Kumar: To ask the Secretary of State for Foreign and Commonwealth Affairs what plans he has to accede to those international human rights instruments to which the United Kingdom is not yet party. [6915]

Mr. Tony Lloyd: We will review over the next year the United Kingdom's position under various international human rights instruments. This will include the question of accession to Protocols to the European Convention on Human Rights and the International Covenant on Civil and Political Rights, and acceptance of the rights of individual petition under other UN human rights treaties. We shall also examine whether any of the United Kingdom's reservations to human rights treaties can be withdrawn.

UN Register of Conventional Arms

Ms Southworth: To ask the Secretary of State for Foreign and Commonwealth Affairs when the United Kingdom submitted its 1996 return to the UN register of Conventional Arms; and if he will place a copy of the submission in the Library. [6916]

Mr. Tony Lloyd: The UK's return to the UN Register covering calendar year 1996 was submitted to the UN Secretary General on 29 April 1997. A copy of the return has been placed in the Libraries of the House and is available to members of the public on request.

As part of our commitment to increasing transparency in the field of defence exports, we shall work to strengthen the UN Register of Conventional Arms, encouraging greater disclosure of information on arms exports and arms transfers by all countries. We hope that the work of the UN Panel of Experts currently reviewing the operation and development of the Register will contribute to achieving this objective.

DUCHY OF LANCASTER

Better Regulation

Mrs. Betty Williams: To ask the Chancellor of the Duchy of Lancaster if he will make a statement about better regulation. [7045]

Dr. David Clark: The Government is committed to making government work better. My Department's White Paper on 'New Government', to be published later this year, will set out a unified programme for the renewal of government. Better regulation is an integral part of this renewal. Our aim is to ensure that regulations are simple, helpful and fair for business and the citizen.

It is essential that we involve those who are affected by regulation. We are committed to giving small business and ordinary citizens a greater voice on the Better Regulation Task Force. I have today appointed Christopher Haskins, Chairman of Northern Foods plc, to chair the Task Force. Their terms of reference are to advise the Government on action which improves the effectiveness and credibility of government regulation by ensuring that it is necessary, fair and affordable, and simple to understand and administer, taking account of the needs of small business and ordinary people.

We will find practical measures that will respond to people's needs. For example, I have set up a cross-departmental initiative called 'Access Business' to assist small business. This will draw together regulatory advice and forms into a simpler, more unified service, in particular using modern technology. For the citizen we will look at key groups like the elderly, the young and the voluntary sector and identify how we can make improvements.

I will take the opportunity presented by the EU Presidency next year to promote better quality regulation at the European level. I am planning a centrepiece Better Regulation Presidency event in March looking at improving access to Government for citizens and business, keeping legislation simple and improving consultation. And we are working with the Austrian government to provide a sustained push to improve the quality of EU legislation throughout our consecutive Presidencies.

LORD CHANCELLOR'S DEPARTMENT

Legal Aid (Personal Injury Litigation)

Mr. Dismore: To ask the Parliamentary Secretary, Lord Chancellors Department what was *(a)* the annual cost of legal aid for personal injury litigation before cost recovery and retention of contributions, *(b)* the amount of costs recovered, *(c)* the amount of contributions retained and *(d)* the net cost after deduction of costs recovered and contributions retained, for (i) all personal injury litigation, (ii) medical negligence cases only and (iii) personal injury cases only, excluding medical negligence, in each of the last four financial years. [5808]

Mr. Hoon: A breakdown of legal aid expenditure and receipts in respect of personal injury litigation in each of the last four years for which information is available, in respect of cases that were closed in each year, was as follows:

£ million

	1992–93	*1993–94*	*1994–95*	*1995–96*
Gross payments				
All personal injury litigation	143.5	195.6	238.2	284.7
Medical Negligence	20.6	34.1	38.6	50.2
All personal injury (excluding medical negligence)	122.9	161.5	199.6	234.5
Costs recovered				
All personal injury litigation	104.3	138.7	166.4	205.2
Medical Negligence	9.4	11.2	13.3	22.0
All personal injury (excluding medical negligence)	94.9	127.5	153.1	183.2
Contributions retained				
All personal injury litigation	1.1	1.6	1.8	2.1
Medical Negligence	0.3	0.6	0.6	0.7
All personal injury (excluding medical negligence)	0.8	1.0	1.2	1.4

£ million

	1992–93	1993–94	1994–95	1995–96
Net of costs recovered and contributions retained				
All personal injury litigation	38.1	55.2	70.0	77.3
Medical Negligence	11.0	22.3	24.5	27.5
All personal injury (excluding medical negligence)	27.1	32.9	45.5	49.8
Net of costs recovered, contributions retained and damages retained				
All personal injury litigation	35.2	52.0	66.6	72.8
Medical Negligence	10.8	22.0	24.0	26.8
All personal injury (excluding medical negligence)	24.4	30.0	42.6	46.0

EDUCATION AND EMPLOYMENT

Further Education Colleges

Mr. Chaytor: To ask the Secretary of State for Education and Employment how many *(a)* management, *(b)* teaching and *(c)* support staff (i) were employed in 1992–93 and (ii) are employed in the current financial year by further education colleges in England and Wales. [5326]

Dr. Howells: Comprehensive information on the number of full and part-time further education staff for academic year 1992–93 is not available. The total "full-time equivalents" of further education lecturers in FE and sixth form colleges, as well as HE institutions, in England for 1992–93 are shown below.

Full-time equivalent lecturers providing FE in FE or HE institutions (including sixth form colleges)

Academic	Number
1992–93	67,700

The figures available for 1994–95 and 1995–96 academic years for full-time equivalent staff in further education (including sixth form) colleges in England are shown below. Management staff are included in "other support" but cannot be identified separately. These figures are based on incomplete data sets: the number of colleges included for each year are noted.

1994–95	Full-time equivalents (FTEs)
Teaching and learning	56,000
Supporting teaching and learning	12,000
Other support	34,000
Total	102,000

Based on data from 374 out of 446 colleges.

1995–96	Full-time equivalents (FTEs)
Teaching and learning	56,000
Supporting teaching and learning	13,000
Other support	37,000
Total	106,000

Based on data from 342 out of 452 colleges.

Youth Service

Helen Jones: To ask the Secretary of State for Education and Employment what are his proposals for the youth service; and if he will make a statement. [6078]

Dr. Howells: The Government is committed to raising the profile of the youth service which it values as an important provider of personal and social education for young people. Details about our proposed legislation to place the youth service on a clearer and more specific statutory basis will be included in the White Paper on Lifelong Learning.

We are taking forward proposals for an audit of youth service provision in local authorities and are also considering how the youth service can contribute to educational policies more generally.

NATIONAL HERITAGE

Millennium Commission and Lottery Awards

Dr. Kumar: To ask the Secretary of State for National Heritage if he will list the awards made to date by *(a)* the Millennium Commission and *(b)* the Heritage Lottery Fund in the constituency of Middlesbrough, South and East Cleveland. [5559]

Mr. Banks: The Heritage Lottery Fund has made one award of £77,000 to Cleveland county council for the Margrove Heritage Centre. The Millennium Commission has made no awards in the Middlesbrough, South and East Cleveland constituency.

McDonald's (Advertising)

Mr. Dafis: To ask the Secretary of State for National Heritage if he will meet representatives of the Independent Television Commission to discuss the implications of the recent High Court ruling on the impact of advertising by McDonald's on children. [5852]

Mr. Fisher: The Commission maintains and enforces a code of advertising standards and practice for broadcasters, which includes detailed guidance on advertising and children, and which is from time to time reviewed to ensure it reflects current best practice. I understand that the Commission has no plans to revise the code in light of the judgment referred to, though it would naturally consider carefully any complaints made to it concerning particular advertisements and their potential impact on children. The Government recognise their special responsibility to protect children from exploitation, but the existing Code allows the ITC scope to act in their defence.

County Record Offices

Mr. Gordon Marsden: To ask the Secretary of State for National Heritage what assessment he has made of the impact of unitary authorities on the future funding and operation of county record offices and the Victoria County History. [5953]

Mr. Fisher: My Department has issued guidance on the care and maintenance of local authority archives to every local authority affected by local government reorganisation, and monitored closely the effect of reorganisation on archives services, to help ensure that standards are maintained.

I am aware that the Victoria County History project has experienced difficulties due to the reduction or withdrawal of local authority funding in some cases. The National Heritage Act has widened the scope of the Heritage Lottery Fund to include support for the compilation and maintenance of archives. I understand that Victoria County History intends to bid for Lottery funds next year to support its important work.

Digital Broadcasting

Mr. Woolas: To ask the Secretary of State for National Heritage what assessment he has made of the availability of suitably qualified candidates from colleges and universities for the new jobs in broadcasting that may be expected from the advent of digital broadcasting. [6147]

Mr. Fisher: The Government are committed to the objective that all new entrants into the industry should have a suitable qualification by 2000. My right hon. Friend the Secretary of State for Education and Employment and I will be working closely with broadcasters and training providers to ensure that this target is met.

Mr. Woolas: To ask the Secretary of State for National Heritage what estimate he has made of the number of jobs which will be created as a result of the successful bid by British Digital Broadcasting in *(a)* the United Kingdom and *(b)* Greater Manchester. [6146]

Mr. Fisher: It is not possible at this stage to identify the number or location of new jobs which will be created. Undoubtedly, however, the successful launch of digital television in the UK offers the prospect of a large number of jobs across the country, in broadcasting, production, equipment manufacturing and associated services.

Sport Sponsorship

Mr. Bercow: To ask the Secretary of State for National Heritage what estimate his Department has made of the extent of sponsorship by drink manufacturers of *(a)* sporting events in the United Kingdom, *(b)* United Kingdom sportsmen and women competing abroad and *(c)* arts events and institutions in the United Kingdom in each of the last three years. [6302]

Mr. Banks *[holding answer 1 July 1997]:* Total reported sponsorship of sport in the UK by alcoholic drink manufacturers was an estimated £23½ million in 1994, £27½ million in 1995, and £22 million in 1996. My Department has made no estimate of the extent of sponsorship by alcoholic drink manufacturers of United Kingdom sportsmen and sportswomen competing abroad or sponsorship by other sorts of drinks manufacturers.

Figures for sponsorship by drink manufacturers of arts events and institutions are unavailable. However, the amount of sponsorship matched by all drinks companies under the National Heritage Arts Sponsorship Scheme was £1,182,277 in 1996–97; £774,375 in 1995–96; and £516,500 in 1994–95.

Museums

Mr. Garnier: To ask the Secretary of State for National Heritage what is his Department's policy with regard to the funding of university museums; and if he will make a statement. [6317]

Mr. Fisher *[holding answer 1 July 1997]:* My Department is keen to support and enhance the vitality of the cultural sector in this country and museums, including university museums, form a valuable part of that sector. Several university museums were included among those museums recently given designation status. Responsibility for the funding of university museums lies with their parent universities, together with the Higher Education Funding Councils and the appropriate Government Departments.

Mr. Garnier: To ask the Secretary of State for National Heritage what proposals he has to co-ordinate policy with the Department for Education and Employment and the Scottish Office with regard to the funding of university museums; and if he will make a statement. [6305]

Mr. Fisher *[holding answer 1 July 1997]:* The Department for Education and Employment, the other education departments and the Department of National Heritage work together closely on policy for funding university museums. Funding for university museums in Scotland and Wales is the responsibility of my right. hon. Friends the Secretaries of State for Scotland and for Wales.

Mr. Garnier: To ask the Secretary of State for National Heritage if he will list the museums in England and Wales registered under the Museums and Galleries Commission's registration scheme. [6313]

Mr. Fisher *[holding answer 1 July 1997]:* There are about 1,000 museums in England and Wales which are currently registered under the Museums and Galleries Commission's registration scheme. Copies of the list have been placed in the Libraries of the House.

Mr. Garnier: To ask the Secretary of State for National Heritage if he will list the museums in England and Wales *(a)* owned and *(b)* managed by universities. [6315]

Mr. Fisher *[holding answer 1 July 1997]:* A list of university museums in England and Wales owned or managed by universities, and registered with the Museums and Galleries Commission, has been placed in the Libraries of the House. The list contains nearly 60 such museums. The Commission are in the process of completing a survey of all university collections in this country.

Digital Terrestrial Television

Mr. Hancock: To ask the Secretary of State for National Heritage who will be responsible for supplying digital terrestrial television signals to those segments of the United Kingdom population what are most expensive to reach. [6356]

Mr. Fisher: The BBC and Independent Television Commission are responsible for television transmission arrangements in the UK. The invitation to apply for the

digital multiplex service licences issued by the Independent Television Commission set out the predicted coverage for each of the six digital multiplexes as a percentage of the total UK population. The multiplex service licensees must ensure that the ITC coverage requirements are met, and the BBC is committed to achieving similar targets on the multiplex awarded to it.

The planned transmission coverage of digital terrestrial television does not at this stage extend to 100 per cent. of the UK population because of technical constraints. However, the Government are considering how the delivery of digital services to viewers (through whatever technical means) might be expedited and extended.

Millennium Commission

Ms Roseanna Cunningham: To ask the Secretary of State for National Heritage if he will list the names, designations and salaries of the Members of the Board of the Millennium Commission. [6127]

Mr. Chris Smith: The names of the Millennium Commissioners, who are unpaid, are as follows:

Millennium Commission

Role	*Name*	*Start date of present term*	*Expiry date of present term*
Chairman	Rt. hon. Chris Smith MP	19 May 1997	31 December 2000
Member	Rt. hon. Michael Heseltine MP	17 February 1994	31 December 2000
Member	Rt. hon David Clark MP	19 May 1997	31 December 2000
Member	Dr. Heather Couper	17 February 1994	31 December 2000
Member	Earl of Dalkeith, DL	17 February 1994	31 December 2000
Member	Sir John Hall, Bt	17 February 1994	31 December 2000
Member	Mr. Simon Jenkins	17 February 1994	31 December 2000
Member	Ms Patricia Scotland	17 February 1994	31 December 2000
Member	The Lord (Robin) Glentoran, CBE DL	17 February 1994	31 December 2000

HEALTH

Haemophiliacs

Mr. Syms: To ask the Secretary of State for Health what plans he has to promote greater use of recombinant Factor 8 clotting products for haemophiliacs. [5124]

Mr. Boateng: We have no plans to recommend the greater use of recombinant Factor 8. The Department of Health has advised health authorities that they should weigh the claimed benefits of recombinant Factor 8 against the high costs, bearing in mind the good safety record of the plasma-derived product since the introduction of viral inactivation processes in 1985.

We have made clear our policy that treatment decisions should focus on high quality research evidence about clinical effectiveness, safety and long-term patient outcomes.

GPs (Home Visits)

Mr. Waterson: To ask the Secretary of State for Health how many home visits were made by general practitioners during each of the last three years in the United Kingdom. [5478]

Mr. Milburn: The information requested is not available on a United Kingdom basis. However, sample information is available within the General Household Survey (conducted by the Office for National Statistics), which gives the proportion of National Health Service general practitioner consultations within Great Britain. In the last three years for which information is available—1993, 1994, and 1995—the proportion of NHS GP consultations at patients' homes as a percentage of total NHS GP consultations was 9 per cent., 10 per cent. and 9 per cent. respectively. Copies of the report on the 1995 General Household Survey—entitled "Living in Britain"—are available in the Library.

Adoption

Ms Beverley Hughes: To ask the Secretary of State for Health what plans he has for the reform of adoption law to address *(a)* the problem of drift for children in care and *(b)* issues arising from inter-country adoption and the United Kingdom's responsibilities under The Hague convention. [5940]

Mr. Boateng: Preparation has already begun to mount a series of national seminars towards the end of the year which will focus on improving the quality of management within the adoption service; the seminars will address important issues such as delay in placing children and preventing children from drifting within the care system. We are currently considering a number of possible options which will enable the Government to ratify the 1993 Hague Convention and address issues arising from intercountry adoption.

Bed Blocking

Mr. Fearn: To ask the Secretary of State for Health what steps he is taking to reduce the incidence of bed blocking in hospitals. [5976]

Mr. Boateng: We shall explore proposals to address the difficulties around hospital discharge procedures and the problems which are caused by ensuing delays. We acknowledge that there are concerns about the current level of delayed discharges in some areas. Responsibility for hospital discharge delays rests with one agency but sometimes delays occur through the local authority or the health authority and sometimes in meeting the particular needs of the individual patient and their family.

Ill Health Costs

Mr. Sheerman: To ask the Secretary of State for Health what steps his Department is taking to assess the cost to the economy of a period of serious ill health of men and women *(a)* in full-time employment and *(b)* not in paid employment. [6079]

Ms Jowell: No such assessment has been made by the Department of Health. The Health and Safety Executive estimate that the total cost to the economy of *work-related* ill health was between £2 billion and £2.5 billion in 1990. The next updating of these costs by the Health and Safety Executive will be in 1998. The updating will cover costs for 1995–96, using the necessary data from the Labour Force Survey.

Television Programme Sponsorship

Mr. Dafis: To ask the Secretary of State for Health if he will make representations to the Independent Television Commission urging it to give prominence to public health considerations in its code of programme sponsorship. [5853]

Ms Jowell: The Independent Television Commission's code of programme sponsorship already takes account of health considerations and the Commission keep the code under regular review. For instance, companies are prohibited from sponsorship if their name is known to the public chiefly through their tobacco business, even if they also market other non-tobacco goods and services. My right hon. Friend the Secretary of State for National Heritage, whose Department has policy responsibility for broadcasting, has noted the hon. Member's suggestion on public health considerations for programme sponsorship.

Workshop on Sexuality

Sir Richard Body: To ask the Secretary of State for Health if he will make a statement on the material used in the workshop on sexuality supported by the European Commission, as detained in COM(96)720; and what funds were used to support the project. [6095]

Ms Jowell: We understand that the workshop on sexuality was a project submitted in 1993 to the European Commission by a Spanish non-governmental organisation, and that it received funding in 1994 of 61,301 ECU (£43,830 at current exchange rates). From the information available, the purpose of the project was to train instructors in providing sex education for 13 to 21 years olds with the aim of preventing HIV/AIDS and of enabling young people to discover values to assist them in their personal sexual development. The materials used included three videos about love and sexuality and a guidebook for trainers. We are informed that 56 people were trained under the project in Spain, and 10 in the United Kingdom.

As we have not been able to obtain much information about the project in the time available, I will write to the hon. Member shortly with further details.

Private Finance Initiative

Dr. Brand: To ask the Secretary of State for Health what studies his Department has undertaken on the outcome of the contracting out of NHS trust non-clinical services to private sector providers; and what assessment he has made of *(a)* those studies and *(b)* the experience of contracting out for the PFI programme. [6162]

Mr. Milburn: National Health Service trusts have supplied the NHS Executive with information on the outcome of market tests. In the areas covered by compulsory market testing (cleaning, catering and laundry services) about 30 per cent. of contracts by value have been awarded to commercial contractors. Overall some 86 services have been market tested and about half by value have been awarded to commercial contractors. A review of the operation of the market testing policy is currently being undertaken by Departmental officials. In drawing up our programme for the review of Private Finance Initiative we have taken into account the experience of market testing in the NHS.

Mr. Olner: To ask the Secretary of State for Health, pursuant to his answer of 10 June, *Official Report*, columns *427–28*, if he will make a statement about the PFI in the NHS. [7128]

Mr. Milburn: In my answer to my hon. Friend the Member for Slough (Fiona Mactaggant) I announced my intention to review the 43 major acute sector Private Finance Initiative (PFI) schemes in the National Health Service. I have today arranged for copies of the full results of the review to be placed in the Library. I have also written to all Members and stakeholders in health PFI, enclosing copies of the results. Fourteen major acute schemes have been selected, representing almost £1.3 billion of new capital investment in NHS hospitals.

The review was undertaken by officials and all schemes were graded according to three criteria: (i) their service need; (ii) status—how far and well negotiations have progressed and (iii) "PFI ability"—how well the scheme fits with the PFI process and hence its likelihood of delivering a successful outcome.

This process was both fair and open. Officials from the Department shared with the trusts the criteria against which the projects were judged and their relative markings. I, and my right hon. Friend the Secretary of State for Health as far as the schemes in the Northern and Yorkshire region are concerned, examined the gradings and the reasons why officials recommended schemes either be included or excluded. We also received representations from many Members.

The 14 schemes which most successfully met the three criteria will be asked to continue with their PFI proposal, with the objective of reaching an early and acceptable financial close over the next 18 months. A complete table listing all the scores, along with a note explaining the criteria, has been placed in the Library. We have instructed officials to prepare programmes and milestones for every successful scheme. The schemes will be subject to the normal rigorous approval processes and any of these 14 schemes that subsequently fail to deliver to time or price will be cancelled.

Those schemes not selected will be asked to cease any further action on their contract. They should stand down their partners if they have selected one and cancel all tendering procedures.

Any trust or consortium whose scheme has to met the three criteria and which wishes to make representations to the Secretary of State should do so within the next 10 days. Otherwise such trusts should now take steps to stand down their partners or cancel the tendering procedure.

Those schemes not selected will be eligible for consideration as part of a national capital prioritisation exercise by the NHS Executive's Capital Prioritisation

Advisory Group. This group will review major acute schemes for health service need and will recommend those which should go forward either as part of the next tranche of PFI schemes which we plan to announce in spring 1998, or for funding from the public sector capital that is available.

The exercise did not consider the schemes affected by the London review which is due to report in the Autumn. These schemes are also listed in papers deposited in the Library.

The longer term review of the PFI product and process will report its recommendations later this year. This will look to consolidate the improvements in the PFI begun with this prioritisation exercise.

Turner Village Hospital, Colchester

Mr. Bob Russell: To ask the Secretary of State for Health (1) if he will ensure that Turner Village mental hospital, Colchester, is retained and upgraded; and if he will make a statement; [6279]

(2) what representations he has received concerning the future of Turner Village mental hospital, Colchester. [6280]

Mr. Boateng: We are not aware of any such representations. Decisions about services for people with learning disabilities are for local determination. We understand that North Essex Health Authority has consulted on and agreed proposals which will provide the patients of Turner Village with a choice over where they are to live including community homes and an existing village community.

CS Gas

Mr. Livingstone: To ask the Secretary of State for Health what assessment of the health effects of the CS gas solvent, methyl isobutyl keytone, has been made by the medical officers of his Department since 1990; how many *(a)* published and *(b)* unpublished reports have been written by his Department's medical officers since 1990; and how many of these reports are currently unclassified. [6361]

Ms Jowell: Medical officers of the Department have not made any assessment of the CS gas solvent, methyl isobutyl ketone.

General Social Services Council

Mr. Burstow: To ask the Secretary of State for Health (1) which organisations he will be consulting in developing his proposals for a General Social Services Council; [5883]

(2) when he expects to publish his proposals for a General Social Services Council; [5884]

(3) what is his policy in respect of procedures for involving users, carers and the public in a General Social Services Council; [5885]

(4) if he will consult *(a)* by way of survey and *(b)* by other means, the opinions of the work force who will come under the General Social Services Council. [5886]

Mr. Boateng: We expect to publish our proposals for a General Social Services Council in a consultation document in autumn 1997. We intend to consult all those with an interest in such a Council including employers, users and carers, staff and the wider public. Our proposals will outline how the essential interest of those who use social services, their carers and the general public will be secured in the arrangements for a Council.

PRIME MINISTER

Minister without Portfolio

Mr. Hawkins: To ask the Prime Minister what additional responsibilities he has given to the Minister without Portfolio since 2 May. [5424]

The Prime Minister *[holding answer 25 June 1997]:* I have asked my hon. Friend to take responsibility within Government for the Millennium Experience at Greenwich. My hon. Friend is also now the shareholder for the operating company, Millennium Central Limited, thus ensuring the position of the shareholder is clearly separated from that of my right hon. Friend, the Secretary of State for National Heritage as Chairman of the Millennium Commission. My right hon. Friend retains overall responsibility for matters relating to the Millennium Celebrations.

Mr. Baker: To ask the Prime Minister if he will list those projects for which the Minister without Portfolio has specific responsibility; and if he will make a statement. [6167]

The Prime Minister *[holding answer 1 July 1997]:* My right hon. Friend has specific responsibilities in relation to the implementation and presentation of Government policy, and the Millennium Experience at Greenwich.

Mr. Baker: To ask the Prime Minister what factors underlie the allocation of new responsibilities for specific projects to the Minister without Portfolio. [6141]

The Prime Minister *[holding reply 1 July 1997]:* I invite my hon. Friend, the Minister without Portfolio, to take responsibility for specific projects if I consider him to be the most appropriate person within Government to do so.

Intelligence and Security Committee

Mr. Nigel Jones: To ask the Prime Minister when he expects to appoint the member of the Intelligence and Security Committee. [6292]

The Prime Minister: I will be consulting the Leader of the Opposition shortly under the terms of the Intelligence Services Act 1994 and will appoint members to the Committee after that.

Ministers (Transport Costs)

Mr. Flight: To ask the Prime Minister what is Her Majesty's Government's policy with regard to securing value for money in respect of transport costs for Ministers attending overseas engagements. [6285]

The Prime Minister: Ministers attending overseas engagements are under a responsibility to ensure that their travel arrangements represent best value for money consistent with propriety.

Policy Reviews

Mr. Luff: To ask the Prime Minister, if he will list *(a)* the departmental policy reviews established by the Government and *(b)* the names of those individuals other than civil servants and Ministers assisting those reviews (i) as chairman and (ii) in other capacities. [4002]

The Prime Minister *[pursuant to his answer, 26 June 1997, c. 605–607]:* The following reviews, which were also initiated before 20 June, should have been included:

A fundamental review of transport policy in Scotland leading to the publication of a White Paper on our long-term strategy for an integrated transport policy.

A review of the Scottish roads programme.

A review of the Crown Prosecution Service.

Chairman: The right hon. Sir Ian Glidewell, retired Lord Justice of Appeal, Sir Geoffrey Dear, retired HM Inspector of Constabulary Mr. Robert McFarland, former senior executive, British Oxygen.

A review of the tax and benefits system.

Chairman: Martin Taylor, Chief Executive Barclays Bank.

Sustainable Development

Mr. Corbett: To ask the Prime Minister if he will make a statement on the outcome of the United Nations General Assembly Special Session on Sustainable Development. [6460]

The Prime Minister: The Special Session reviewed the progress made on sustainable development since the Rio Earth Summit in 1992. One of the most important problems discussed was the need to take action to reduce greenhouse gas emissions, and thus limit the problems caused by climate change. In my address to the General Assembly, I urged other developed countries to recognise their responsibilities in this area, by pointing to the example that the United Kingdom and other European Union countries have already set. Later in the week, President Clinton acknowledged the role of the European Union in focusing the debate on this issue, and gave his personal commitment of significantly reducing greenhouse gas emissions. I expect this to be translated into action at Kyoto. Unfortunately, the agreement at Special Session on climate change did not have the specific commitment to reductions that we had sought. Much hard negotiating work remains to be done, but the UK will continue to make every effort to get developed countries to agree legally binding targets for significant reductions in greenhouse gas emissions at Kyoto in December.

I also emphasised the UK Government's commitment to reversing the decline in Britain's development assistance and improving its quality by refocusing our efforts in eradicating poverty. Although some other developed countries could not go as far as the UK, the meeting stressed the need to increase aid towards the UN target of 0.7 per cent. and pledged to negotiate a satisfactory replenishment of the Global Environment Facility. We cannot expect the poorest countries to take action themselves, if the developed world is not more constructive about its aid programmes.

The continuing threat to the world's forests was a key issue for the Special Session. Although the European Union pressed hard for a Convention on forests, we were unable to secure agreement from other major countries. Nonetheless the establishment of an Intergovernmental Forum on Forests is a good step forward. The Forum will report in 1999 on the possible elements of a Forest Convention, and will also consider finance and trade issues. In addition it will monitor implementation of the Intergovernmental Panel on Forests 1997 report, which contained over a hundred action points. As the United Kingdom's contribution to this effort, I announced that the United Kingdom intended to adopt a new Forest Standard to provide a benchmark for the regeneration of our forests. I also promised an increase in our development assistance for forestry management.

Together with our partners from the European Union, we have secured agreement for a plan of action to provide universal access to clean water and sanitation. One fifth of the world has no access to clean water and one half has no proper sanitation, so a new initiative is urgently needed. A series of meetings will take place to prepare for the 1998 meeting of the Commission on Sustainable Development when there will be negotiations on the plan. A successful outcome of these negotiations will be a key objective for our presidency.

The European Union pressed for international action on sustainable energy management, and was successful in securing commitment to preparatory discussions in advance of the debate on energy in the 2001 session of the Commission on Sustainable Development. There was also agreement on the importance of energy management for both developed and developing countries, and on the need for energy prices to reflect their true environmental costs, as well as a gradual elimination of subsidies that inhibit sustainable development. The Special Session confirmed the importance of promoting integrated transport policies, since transport is the largest end user of energy in developed countries and the fastest growing one in most developing countries.

Under strong pressure from the European Union the Special Session agreed that the possibility of an aviation fuel tax should remain on the international agenda. Studies will continue in international fora, especially the International Civil Aviation Organisation, on the use of economic instruments for the mitigation of the negative impacts of aviation.

Lastly, the European Union ensured that there would be further work at a global level to address the problems facing the world's oceans, especially the depletion of fish stocks.

There were also discussions on the financial implications of the Convention on Desertification. We supported the conclusion that the Convention should help channel existing resources more effectively, but should not create a new and dedicated fund.

In conclusion a number of modest but positive steps were made at the Special Session. Nevertheless much remains to be done, and the UK will continue to use its best endeavours to pursue these issues in the months to come.

The United Kingdom delegation included people representing the broad range of sustainable development interests in the UK, and dependent territories. As a result of our strong commitment and constructive approach, the

UK has now established itself as one of the leading players in international negotiations on sustainable development.

I will place a copy of the final text of the document in the Library as soon as it is available.

Single Market

Mr. Mitchell: To ask the Prime Minister, pursuant to his oral statement of 18 June, *Official Report*, column 314, concerning the outcome of the European Council Meeting in Amsterdam, what further Community legislation is required to complete the single market. [6484]

The Prime Minister: I refer the hon. Member to the Single Market Action Plan agreed at Amsterdam, setting out a programme for improving and completing the single market. A copy of the Plan has been deposited in the Library of the House.

NATO Summit

Mr. Barry Jones: To ask the Prime Minister if he will make a statement on the agenda of his visit to Madrid between 8 and 9 July for the NATO summit. [6918]

The Prime Minister: I plan to join the other NATO Heads of Government in Madrid on 8 July. We will discuss the enlargement of NATO and expect to announce that a small number of countries should be invited to begin accession negotiations. I would be content for the number of countries to be set at three. We will also review progress on the development of the European Security and Defence Identity in NATO, following the decision taken by NATO Foreign Ministers at Berlin in 1996; and on the development of a new NATO Command Structure.

On 9 July we will sign with President Kuchma of Ukraine the NATO/Ukraine Charter which will symbolise Ukraine's importance to European security and provide for increased NATO/Ukraine co-operation.

Heads of Government will also discuss greater co-operation with NATO's partner countries in the EURO-Atlantic Partnership Council, including military co-operation through NATO's programme of Partnership for Peace.

HOME DEPARTMENT

Crime Victims

Ms Ward: To ask the Secretary of State for the Home Department if he will make a statement on the position of victims within the criminal justice system. [5566]

Mr. Straw: The Government are committed to improving the position of victims and those who give evidence to the police and in court. Our election manifesto said: "Victims of crime are too often neglected by the criminal justice system".

Therefore, I am pleased to announce today the following measures which will give victims a greater priority within the criminal justice system:

- an extra £1 million to Victim Support to provide further court-based and local scheme support for victims of crime and for witnesses, and to provide a national telephone helpline for victims:
- an inter-departmental review to look at further ways of assisting vulnerable witnesses—such as victims of rape or of domestic violence—and providing witnesses with greater protection from intimidation;
- an examination of measures to ensure that the Crown Prosecution Service (CPS) is more responsive to the needs of victims as part of the independent review of the CPS under the chairmanship of Lord Justice Glidewell.

Victim Support

Victim Support receives the Government's full support for the dedicated work it does helping victims of crime. Its 365 local schemes and branches support more than a million victims a year, and there is now a witness support service at all the 77 Crown court centres in England and Wales. Despite this, the previous Government froze the £11.7 million grant to Victim Support and made it clear that no more money would be forthcoming. However, support for victims of crime is a top priority for this Government. I have therefore decided to make an additional £1 million available to Victim Support to re-inforce both its court-based and local scheme support for victims and witnesses. It will also establish a new national telephone helpline to provide an easy source of help and information to victims of crime.

Vulnerable witnesses and witness protection

Many victims and witnesses find the criminal justice process daunting and stressful, particularly those who are vulnerable because of personal circumstances or the nature of certain serious crimes, such as rape. Some witnesses are not always regarded as capable of giving evidence while others are in fear of intimidation. Our manifesto stated that "greater protection will be provided for victims in rape and serious sexual offence trials and for those subject to intimidation, including witnesses". The Government have therefore established an inter-departmental group to undertake a wide-ranging review. It will have the following terms of reference:

- to identify measures at all stages of the criminal justice process to improve the treatment of vulnerable witnesses, including those subject to intimidation;
- to encourage such witnesses to give evidence of crime and enable them to give best evidence in court;
- to consider which witnesses should be classified as vulnerable;
- to identify effective procedures for applying appropriate measures in individual cases; and
- to make costed recommendations.

The group will have regard to the interests of justice, the importance of preventing and detecting crime, the needs of witnesses and cost effectiveness; and take into account the National Standards for Witness Care in England and Wales.

Crown Prosecution Service

Our manifesto also said:

"We will ensure that victims are kept fully informed of the progress of their case, and why charges may have been downgraded or dropped".

My right hon. Friend the Attorney-General has already announced the creation of local Chief Crown Prosecutors for each police force area as part of his reforms to the CPS. The Government believe this will ensure that prosecutors are more sensitive to the needs of victims, particularly on decisions to discontinue or downgrade cases. My right hon. and learned Friend the Attorney-General has also established an independent review under the chairmanship of Lord Justice Glidewell which will examine how the CPS can be made more aware of the needs of victims and witnesses.

Sex Offenders

Dr. Starkey: To ask the Secretary of State for the Home Department what steps he is taking to prevent people with convictions for serious sexual offences involving children and teenagers from being accepted as volunteers to work with young people. [5876]

Mr. Michael: The Sex Offenders Act 1997 requires people convicted of serious sexual offences to register their address and any change of address with the police and we are working on plans to ensure that this information is used effectively, principally for the protection of children and vulnerable adults. In addition, part V of the Police Act 1997 provides a statutory basis for criminal record checks to be carried out on any person applying for a position, paid or as a volunteer, which will involve regular contact with children and young people under the age of 18. We are currently considering how best to implement the provisions of this part of the Act. In addition, a consultation paper was issued in January 1997 setting out options for making it an offence for a convicted sex offender to seek work with or offer services to children. The responses are currently being analysed. It is intended that new vetting arrangements should complement good practice in respect of the recruitment, supervision and management of volunteers set out in the Home Office guidance "Safe from Harm".

Identity Cards

Mr. Blizzard: To ask the Secretary of State for the Home Department if he will take steps to introduce ID cards. [6161]

Mr. George Howarth: We have yet to decide whether national identity cards should be introduced in the United Kingdom.

Fire Stations, Wales

Mr. Touhig: To ask the Secretary of State for the Home Department if he will list the number of call-outs that *(a)* Cefn Forest fire station, *(b)* Abercarn fire station and *(c)* Risca fire station in Islwyn received in each year since 1990. [6250]

Mr. George Howarth: The information requested is not available centrally.

Cookham Wood Secure Training Centre

Mr. Stephen Twigg: To ask the Secretary of State for the Home Department what plans he has for Cookham Wood secure training centre. [6736]

Mr. Straw: The Government are committed to ensuring, as a priority, that courts have appropriate powers to deal with the small group of persistent young offenders who wreak havoc in their communities. Our aim is to provide the courts with a more coherent and flexible set of powers to deal with persistent juvenile offenders than those left by the previous Government.

In the meantime, the Government have inherited a contract signed by the previous Government in March 1997 for a secure training centre at Cookham Wood, Kent, for persistent offenders aged 12 to 14. The contract involves significant monthly payments to the contractor from April 1998 whether the facility is used or not.

To avoid the waste of public money which would be involved in withdrawing form the previous Government's commitment, and to enable the courts to deal with those persistent young offenders who fail to respond to community sentences, I intend to continue with the contract to develop Cookham Wood. This will involve introducing the secure training order provided in the Criminal Justice and Public Order Act 1994 and taking forward plans to procure four other centres to provide facilities across England and Wales. However, I am determined to ensure that Cookham Wood provides a high standard of education and training and that it helps young offenders to face up to their crimes and address their offending behaviour.

I am commissioning a review of the whole range of secure accommodation for young offenders, and I will be receiving advice on this issue, and on the nature of the custodial penalties available to the courts, from the new Youth Justice task Force. I shall ensure that plans for the four other secure facilities, and the use of Cookham Wood, are sufficiently flexible to be consistent with the outcome of this review.

The Government remain committed to ending prison remands for 15 and 16-year-old boys as quickly as possible and hope that their review of secure accommodation will help in this regard. The original commitment was made in February 1991. Although a building programme of 170 new secure local authority places is nearing completion, the number of 15 and 16-year-old boys held in prison has increased substantially since 1991. This makes implementation of the provisions in the Criminal Justice Act 1991 for court-ordered secure remands, which would end the need for prison remands for juveniles, much more difficult.

Alcohol (Minors)

Mr. Coaker: To ask the Secretary of State for the Home Department what steps the Government are taking to *(a)* reduce the consumption of alcopops, particularly by those under the age of 18, *(b)* persuade more retailers to stop stocking alcopops and *(c)* encourage voluntary changes of behaviour by the advertising and brewing industries in respect of alcopops. [6581]

Mr. George Howarth: As chairman of the Ministerial Group on Alcopops, I have had urgent talks with the drinks industry and other interests about under-age drinking. I expect to make an announcement later this month.

Electoral Register

Mr. Barnes: To ask the Secretary of State for the Home Department if he will commission a comparative study of the forms of electoral registration used *(a)* in the United Kingdom and *(b)* overseas. [6023]

Mr. George Howarth *[holding answer 1 July 1997]:* We have no immediate plans to do so but we will keep the matter under consideration.

Mr. Barnes: To ask the Secretary of State for the Home Department what assessment he has made of the factors underlying non-registration on the electoral roll; and if he will make a statement. [6018]

Mr. Howarth *[holding answer 1 July 1997]:* Research commissioned by the Home Office after the 1991 Census indicated that a number of groups were less likely to register than others. These included people aged under 30, those living in private rented accommodation and inner city areas, people who changed addresses frequently, and members of ethnic minority communities. We are considering how best to publicise this autumn's canvass for electoral registration to encourage members of such groups to register.

Mr. Barnes: To ask the secretary of State for the Home Department what estimate his Department has made of numbers and percentage of people missing from electoral registers who are entitled to be registered *(a)* in total and *(b)* in the categories (i) those living in private rented accommodation, (ii) residents of inner London, (iii) 21 to 24-year-olds, (iv) attainers, (v) ethnic minorities, (vi) new commonwealth citizens, (vii) those who moved in the year before a general election, (viii) homeless people and (ix) disabled people. [6011]

Mr. Howarth *[holding answer 1 July 1997]:* On *(a)*, I refer my hon. Friend to the answer given to the hon. Member for Leicester, East (Mr. Vaz) on 2 June, *Official Report,* columns *90–92.* On *(b)*, the most recent material on which to base estimates for most of the categories listed is the study carried out after the last census by the Office of Population Censuses and Surveys on behalf of the Home Office and the Scottish Home and Health Department, entitled "Electoral registration in 1991". No information is available on homeless or disabled people.

General Election

Mr. Barnes: To ask the Secretary of State for the Home Department if he will estimate the turnout at the last general election as a percentage of those able to vote. [6009]

Mr. George Howarth *[holding answer 1 July 1997]:* The turnout at the last general election has been reported in the media as around 71 per cent. Official figures provided by acting returning officers will be published in due course, together with information on election expenses.

Mr. Barnes: To ask the Secretary of State for the Home Department what estimate his Department has made of the electoral participation rates of *(a)* those living in private rented accommodation, *(b)* residents of inner London, *(c)* 21 to 24-year-olds, *(d)* attainers, *(e)* ethnic minorities, *(f)* new commonwealth citizens, *(g)* those who moved in the year before a general election, *(h)* homeless people and *(i)* disabled people. [6012]

Mr. Howarth *[holding answer 1 July 1997]:* No estimates have been made of the extent to which members of any of these groups take part in the electoral process. 521,083 attainers were included in the 1997 Electoral Register but information on the other categories listed in the question is not required by the electoral registration officers.

Deportation

Mr. Andrew George: To ask the Secretary of State for the Home Department what action he will take to ensure that *(a)* illegal immigrants and *(b)* overstayers in the United Kingdom who have children born and raised in the United Kingdom are not separated from their families by being deported. [5464]

Mr. Mike O'Brien: The existence of children is always taken into account when considering whether a person should be deported or removed as an illegal entrant. Where, in the light of all the circumstances of the case, it is decided to proceed with deportation or removal, it is our practice to offer to meet the costs of departure for any dependants who wish to accompany the person abroad.

Abdul Onibiyo

Mr. Andrew George: To ask the Secretary of State for the Home Department what steps he is taking to allow Abdul Onibiyo to re-enter the United Kingdom. [5465]

Mr. Mike O'Brien: It is open to any person to apply for an entry clearance for the purpose of seeking entry to the United Kingdom and a decision to refuse such a request, other than as a visitor, attracts a right of appeal to the independent Immigration Appeals Authority. The details of applications from individuals are normally treated in confidence unless the applicant initiates or consents to their disclosure.

Asylum Seekers

Mr. Andrew George: To ask the Secretary of State for the Home Department what is the time scale for the present review of detention of asylum seekers and immigration detainees. [5467]

Mr. Mike O'Brien: The review is being conducted internally in the Home Office. We expect the results to be available by the autumn.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Railings (World War II)

Mr. Fearn: To ask the Secretary of State for the Environment, Transport and the Regions if he will reimburse local authorities in England and Wales for the loss of railings removed form council land during world war II. [5461]

Mr. Raynsford: We have no plans to make such reimbursements.

Regional Development Agencies

Mr. Dafis: To ask the Secretary of State for the Environment, Transport and the Regions through what mechanism regional development agencies will take into account environmental considerations. [5836]

Angela Eagle: On 11 June the Government launched a wide ranging consultation on our proposals for regional development agencies in England. As we take forward these proposals in the light of the consultation, we will want to ensure that regional development agencies take proper account of environmental considerations.

European Regional Development Fund

Mr. Blizzard: To ask the Secretary of State for the Environment, Transport and the Regions if he will introduce measures to assist councils to obtain the matched funding necessary to access ERDF grants. [6160]

Angela Eagle: European Structural Funds, including the European Regional Development Fund (ERDF), make an important contribution to economic development in the regions. The issues behind matched funding requirements for ERDF and the need for synergy between European and domestic regeneration programmes are being considered in the comprehensive review of regeneration expenditure in England now underway. However, as a net contributor to the EU budget, the UK also has an interest in ensuring that the best value for money is obtained from Structural Funds' expenditure. Requiring applicants to provide some level of matching funding gives them a strong incentive to produce projects which do represent good value for money and to make a real choice between competing priorities.

Recycling

Mr. Bill O'Brien: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department has *(a)* commissioned and *(b)* evaluated into the impact of (i) recycling and (ii) burning secondary fuels; and if he will make a statement. [6245]

Angela Eagle: My Department has not commissioned any research on these subjects. However, both the recovery of solvent waste to make fuel and the burning of secondary liquid fuels (SLF) are regulated by the Environment Agency under the Integrated Pollution Control (IPC) regime. Each application for authorisation to burn SLF requires assessment of the likely environmental impacts. Details of these assessments must be placed in public registers in the relevant locality.

In addition, on 14 June, the Agency published the results of an extensive air monitoring study in the Clitheroe area of Lancashire. This study comprised emissions monitoring from industrial sites including Castle Cement's Ribblesdale cement works—which burns blended waste solvents together with traditional fuels—together with ambient air quality testing. The full results of the study have been forwarded to the Department of Health for evaluation.

The Environment Agency's response of 16 June to the House Environment Committee's report on the Environmental Impacts of Cement Manufacture also commits it to carry out further research and to publish guidance in respect of appropriate disposal routes for waste solvents.

Affordable Housing

Mr. Sanders: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to ensure that affordable housing continues to be available following transfers of council housing stock. [6163]

Mr. Raynsford: Local authority housing will be transferred to registered social landlords only on the basis that it will remain in the social rented sector with affordable rents. Following transfer the Housing Corporation proposes to monitor the rents charged by the new landlord to ensure they remain affordable.

Area Cost Adjustment

Mr. Laurence Robertson: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to set up a commission to review the area cost adjustment; what time scale he proposes; and if he will make a statement. [6154]

Mr. Raynsford: The work of the review of the area cost adjustment during 1996 provided an examination of the issues, though not one which the local authority associations wanted implemented for 1997–98 SSAs. The Department has recently commissioned research to examine some of the concerns of local government about the review's proposals. It will report this month and we shall discuss with local government both the findings and the way forward on the area cost adjustment.

English Partnerships

Mr. Rendel: To ask the Secretary of State for the Environment, Transport and the Regions how much grant has been given to English Partnerships in each year since 1993; and if he will make a statement. [5720]

Angela Eagle *[holding answer 2 July 1997]:* The grant given to English Partnerships in each year since 1993 is as follows:

£ million

Year	*Grant-in-aid*	*Derelict Land Grant*[1]
1993–94	21.728	Nil
1994–95	118.306	72.079
1995–96	155.721	54.391
1996–97	[2]190.965	13.002

[1] English Partnerships acts as the Department for the Environment, Transport and the Regions' agent for making Local Authority Derelict Land Grant payments on projects approved before 1 April 1994. The number of projects remaining to be completed is declining quickly.

[2] Excludes funding for the Greenwich project.

Mobile Homes

Mrs. Ballard: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to amend the Mobile Homes Act 1983 in respect of the entitlement of the owners of the land on which mobile homes are sited to deduct 10 per cent. of the sale price of a home. [6227]

Mr. Raynsford: This is one of a number of issues relating to mobile homes which my Department is currently reviewing at the instigation of the all party working group on mobile homes. At this stage, it is too early to say what will be the outcome of that review.

Public Buildings (Access)

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions by what means a disabled person will be able to challenge an approving body's assessment of a public building designated as providing reasonable access. [5845]

Mr. Raynsford *[holding answer 2 July 1997]:* Part M of schedule 1 to the Building Regulations 1991, which is applicable to most new building work other than dwellings, requires that reasonable provision shall be made for access and facilities for disabled people. Building work to which the regulations apply will be subject to building control by either the local authority or an approved inspector. With regard to these approving bodies, the Building Act 1984 provides for action to be taken against an approved inspector who recklessly gives a final certificate. Section 113 of the Act allows proceedings in respect of an offence under the Act to be taken by a party aggrieved. Whilst there is no parallel provision to challenge local authorities within the Building Act, they are subject to action for judicial review.

There is no requirement for public buildings to be assessed by an approving body under the Disability Discrimination Act 1995.

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the relationship between Part M of the Building Regulations 1991 and proposals contained in the Disability Discrimination Act 1995. [5846]

Mr. Raynsford *[holding answer 2 July 1997]:* Part M of the Building Regulations applies only to the control of new building work. The DDA places duties on employers and service providers to make adjustments to existing premises which are reasonable in all the circumstances of the case. There is no requirement for such adjustments to comply with Part M.

Under the Disability Discrimination (Employment) Regulations 1996 employers cannot be required to alter any physical characteristic which satisfied the requirements of Part M of the Building Regulations at the time building works were carried out, and which continues to meet those requirements. This protects employers against being required to meet differing requirements in respect of the same physical feature under different regulations. Similar protection for service providers will be considered when regulations for implementing that part of the Act are prepared.

Building Regulations

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions if he will place in the Library a copy of the completed study carried out by his Department and the Housebuilders Federation into the costings of extending Part M of the Building Regulations to include new residential dwellings. [5848]

Mr. Raynsford *[holding answer 2 July 1997]:* This study had not yet started. Before deciding whether or not to let this I want to see the results of some work done jointly by the Joseph Rowntree Foundation and the House Builders Federation. If the study does go ahead, it should provide additional information for the compliance cost assessment which will be prepared to accompany our proposals to amend Part M of the Building Regulations. The finalised compliance cost assessment will be placed in the Libraries of both Houses of Parliament at the time any amending regulations are laid.

Watercraft

Mr. Ottaway: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to restrict the use of personal watercraft *(a)* along Britain's beaches and *(b)* on inland waters. [6321]

Angela Eagle *[holding answer 2 July 1997]:* Section 76 of the Public Health Act 1961 provides for local authorities to make byelaws to regulate seaside pleasure boats for the prevention of danger, obstruction or annoyance to persons bathing in the sea or using the seashore. It is likely that personal watercraft can be regulated as pleasure boats under this Act, although a definitive interpretation is a matter for the courts.

My Department is leading an inter-departmental working party which is undertaking a review of byelaw powers for the coast. A discussion document issued in December 1996 identified coastal recreation management as a major issue and the many responses to this document are being analysed. The working party will meet again before the end of the year to consider this analysis and agree an appropriate way forward.

Local authorities, water companies and some navigation authorities have powers to regulate the use of inland waters to ensure their safe use and enjoyment. There are no plans to amend the powers.

Planning Appeals (Fast Food Restaurants)

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the planning appeal decisions by his Department in the last three years where his inspectors have upheld a planning authority's decision to refuse permission for drive-through, fast food restaurants; and what planning reasons were upheld in each case. [6052]

Mr. Raynsford: The provision of information on planning appeals is the responsibility of the Planning Inspectorate. I have asked the Inspectorate's Chief Executive, Mr. Chris Shepley, to write to the hon. Member.

Letter from C. J. Shepley to Mr. Paul Burstow, dated 3 July 1997:

The Secretary of State has asked me to reply to your Question about appeal decisions for drive-through, fast-food restaurants.

I enclose details of 9 planning appeals for such developments which have been dismissed, i.e. the decision of the local authority upheld (except in one case which the local authority failed to determine), since 1 April 1994. I believe this list to be exhaustive but I cannot be certain, especially when such uses may have been combined with others. The details include the issues considered to be relevant to the inspector's decision.

I am arranging for copies of the inspector's decision letters to be sent to you. From these you will be able to see whether the inspector agreed or disagreed with any reasons for refusal by the local authority.

Case record no. 1

	Details	*Floor space*
Case key	R3705/A/94/233558	
Local authority	North Warwickshire	
County	Warwickshire	
Site address	Dordon filling station, Watling Street, Dordon, Warwickshire	
Description	Erection of drive-through fast food facility	
Land use 1	S12 hot food; take away food; fish and chip shops	Floor space:
Land use 2	—No code recorded—	Floor space:
Land use 3	—No code recorded—	Floor space:
Final decision	Dismissed	
Decision date	27 May 1994	
Decision issue 1	Effect on neighbouring building, surroundings	
Decision issue 2	Traffic: highway safety, congestion, access	

Case record no. 2

	Details	*Floor space*
Case key	U4610/A/95/258157	
Local authority	Coventry	
County	West Midlands	
Site address	6 Station Avenue, Coventry, West Midlands	
Description	Change of use from residential to A3 hot food takeaway (Dial-A-Pizza), removal of side garage to create a hardstanding and service driveway, rear single storey extension to create a kitchen	
Land use 1	S12 hot food; take away food; fish and chip shops	Floor space:
Land use 2	—No code recorded—	Floor space:
Land use 3	—No code recorded—	Floor space:
Final decision	Dismissed	
Decision date	4 November 1996	
Decision issue 1	Noise, disturbance (including vibration)	
Decision issue 2	Traffic: highway safety, congestion, access	

Case record no. 3

	Details	*Floor space*
Case key	E5330/A/93/230046	
Local authority	Greenwich	
County	G.L.C.	
Site address	583–585 Woolwich Road, Charlton, London SE7, L.B. Greenwich	
Description	Restaurant with ancillary staff, storage and office accommodation, together with drive thru facility and associated car parking. Non-determination	
Land use 1	S41 restaurants, canteens, cafes	Floor space:
Land use 2	—No code recorded—	Floor space:
Land use 3	—No code recorded—	Floor space:
Final decision	Dismissed	
Decision date	14 April 1994	
Decision issue 1	Growth of employment, provision of jobs	

Case record no. 4

	Details	*Floor space*
Case key	F5540/A/93/230413	
Local authority	Hounslow	
County	G.L.C.	
Site address	Hope and Anchor Public House, Twickenham Road, Hounslow L.B.	
Description	Restaurant with ancillary staff, storage and office accommodation together with drive-through facility and associated car parking. Non-determination	
Land use 1	S41 restaurants, canteens, cafes	Floor space:
Land use 2	W00 miscellaneous storage etc. development	Floor space:
Land use 3	F00 miscellaneous office uses	Floor space:
Final decision	Dismissed	
Decision date	29 April 1994	
Decision issue 1	Traffic: highway safety, congestion, access	

Case record no. 5

	Details	*Floor space*
Case key	Q2310/A/95/258143	
Local authority	Blackpool	
County	Lancashire	
Site address	Ashworth Road, Marton, Blackpool, Lancashire	
Description	Single storey drive-thru restaurant and gift shop	
Land use 1	S41 restaurants, canteens, cafes	Floor space:

Case record no. 5

	Details	*Floor space*
Land use 2	S10 small retail store/warehouse (LT 5,000 sq m or 1 ha)	Floor space:
Land use 3	—No code recorded—	Floor space:
Final decision	Dismissed	
Decision date	11 January 1996	
Decision issue 1	Growth of employment, provision of jobs	
Decision issue 2	Traffic: highway safety, congestion, access	

Case record no. 6

	Details	*Floor space*
Case key	U2425/A/94/234244	
Local authority	Leicester	
County	Leicestershire	
Site address	197–201 Narborough Road, Leicester	
Description	Redevelopment of former service station to provide freestanding restaurant with drive thru facility and ancillary accommodation. High court challenge	
Land use 1	S41 restaurants, canteens, cafes	Floor space:
Land use 2	—No code recorded—	Floor space:
Land use 3	—No code recorded—	Floor space:
Final decision	Dismissed—High court challenge	
Decision date	7 October 1994	
Decision issue 1	Effect on neighbouring building, surroundings	
Decision issue 2	Dirt, dust, smoke, smell, fumes	
Decision issue 3	Noise, disturbance (including vibration)	
Decision issue 4	Traffic: highway safety, congestion, access	
Decision issue 5	High court determinations	

Case record no. 7

	Details	*Floor space*
Case key	Y0815/A/94/244710	
Local authority	Kerrier	
County	Cornwall	
Site address	Lower Crahan Farm, Trevenen, Wendron, Helston, Cornwall	
Description	Change of use of dwelling to form restaurant on ground floor with residential accommodation over, formation of new access drive with car parking area	
Land use 1	S41 restaurants, canteens, cafes	Floor space:

Case record no. 7

	Details	*Floor space*
Land use 2	H00 miscellaneous residential uses	Floor space:
Land use 3	T21 car park	Floor space:
Final decision	Dismissed	
Decision date	8 February 1995	
Decision issue 1	Effect on landscape	
Decision issue 2	Sewerage: sewage treatment	
Decision issue 3	Effect on the listed building itself	

Case record no. 8

	Details	*Floor space*
Case key	F2360/A/96/264043	
Local authority	South Ribble	
County	Lancashire	
Site address	Adjacent Tickled Trout Hotel and Mobil petrol station, A59/M6, Preston	
Description	Erection of restaurant (class A3) with associated drive-thru facility and parking and with ancillary staff, storage and office accommodation	
Land use 1	S41 restaurants, canteens, cafes	Floor space:
Land use 2	S12 hot food; take away food; fish and chip shops	Floor space:
Land use 3	—No code recorded—	Floor space:
Final decision	Dismissed	
Decision date	5 February 1997	
Decision issue 1	Approved green belt—as an issue	

Case record no. 9

	Details	*Floor space*
Case key	G3110/A/96/275489	
Local authority	Oxford	
County	Oxfordshire	
Site address	McDonalds, London Road, Oxford, Oxfordshire	
Description	Provision of drive-through facility; new service road utilising access to car parking area for entrance/exit; extension of existing parking area; new rear exit road onto the roundway. Erection of three 6 m high flood-lights. Minor alterations to restaurant	
Land use 1	S41 restaurants, canteens, cafes	Floor space:
Land use 2	S12 hot food; take away food; fish and chip shops	Floor space:
Land use 3	T00 transport utilities and miscellaneous uses	Floor space:

Case record no. 9

	Details	*Floor space*
Final decision	Dismissed	
Decision date	15 April 1997	
Decision issue 1	Traffic: highway safety, congestion, access	

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department has evaluated on the effect on the environment of pressurised gases in training shoes. [6346]

Mr. Meacher: Sulphur hexaflouride, a powerful greenhouse gas, is used as a cushioning agent in some training shoes.

My Department recently published information showing that the major man-made sources of sulphur hexafluoride in the United Kingdom contribute just 0.1 per cent. to the current global warming from all national greenhouse gas emissions. Any additional contribution due to emissions of sulphur hexafluoride from the disposal of training shoes is likely to be very small, but this source will be evaluated in more detail in the near future.

Pressurised Drink Containers

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions what evaluation has been undertaken by his Department of the effects of HFC coolants in pressurised drink containers. [6343]

Mr. Meacher: Last month's meeting of the EU Environment Council noted with concern reports about the development of self-chilling drinks cans using certain substances which have a high global warming potential, including HFC—134a which has a global warming potential 1,300 times greater than carbon dioxide. The Council invited the European Commission to investigate this situation and its possible implications for global warming and to bring forward proposals for appropriate action.

My Department has estimated that if self-chilling drink cans using HFC—134a captured 10 per cent. of the UK market by 2000, they would produce emissions equivalent to around 43.6 million tonnes of carbon dioxide: equivalent to over half the projected reduction in UK greenhouse gas emissions by 2000.

Arctic Warming

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department has *(a)* commissioned and *(b)* evaluated on the global effects of Arctic warming on world temperature. [6344]

Mr. Meacher: Global surface temperature records are maintained by the Hadley Centre, on behalf of the Government. They take account of the effects of Arctic warming when calculating world temperatures by including long-term observations from nearly 60 land-based monitoring stations in the Arctic in their records. Additional ship-borne measurements from the Arctic are also incorporated.

Observed temperature trends vary significantly between different regions of the world, but the general trend in Arctic surface temperatures over the past century is similar to that for the global average. In particular, there has been a period of rapid warming in recent decades.

Local Government Pension Scheme

Mr. Tony Colman: To ask the Secretary of State for the Environment, Transport and the Regions when he intends to issue new regulations to govern the local government pension scheme in England and Wales; and if he will make a statement. [6495]

Ms Armstrong: I have placed in the Library of the House today new regulations for the local government pension scheme (the LGPS) to apply in both England and Wales with effect from 1 April 1998. They provide less central control of pension arrangements, increase the scope of local decision-taking and offer improved flexibility in pension provision.

The Local Government Pension Scheme Regulations 1997 are the product of careful preparation, consultation and discussion with many interested parties. They provide a modernised legal framework and give local government employers greater scope to manage pension scheme benefits. They offer new pension flexibility to both employers and employees while continuing to provide secure, statutory-based pensions for all scheme members and pensioners. Employers will be able to offer members a shared-cost additional voluntary contributions arrangement to improve their pensions. Improved death benefits and spouses pensions have been added to the scheme's benefit package and new options have been added to allow employers and employees greater scope in the provision of retirement benefits, including new criteria to decide when pension benefits may be paid early. New standardised employees' contribution rates, to apply from 1 April 1998, are also included in the package.

The improved regulations ensure that the scheme provides the right qualities and benefits to meet the pension needs of local government employees and pensioners into the next century. The new regulations create a more accountable administrative and benefit framework for local authority employers who are responsible for the scheme's day to day management. They also provide a basis for considering with all the interested parties further scheme developments.

To allow scheme managers and other interested parties sufficient time to adapt their existing policy and administrative procedures to the new arrangements, the regulations come into force on 1 April 1998. My Department's Local Government Pensions Unit will continue to work closely with the interested parties to explain the purpose and operation of the regulations and to monitor their effectiveness. The unit is producing guidance material for scheme members to explain the new provisions and assisting the United Kingdom Steering Committee on Local Government Pensions in the production of explanatory material for local authority employers and other LGPS users.

New regulations governing transitional arrangements to protect the benefit rights for existing scheme members and draft proposals for the management and investment of local authority pension funds will be issued shortly.

Home Insulation Grants

Mr. Öpik: To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to review the *(a)* administration of and *(b)* expenditure on home insulation grants; how much his Department has given in home insulation grants in each of the last four years; and if he will make a statement. [6324]

Angela Eagle: We have no plans to review the administration of the home energy efficiency scheme (HEES), which is carried out by Eaga Ltd. of Newcastle upon Tyne, and which is monitored by my Department. Expenditure on HEES is considered, along with that for all the Department's programmes, as part of discussions on public expenditure.

Expenditure on HEES grants over the last four years is as shown, for Great Britain as a whole and for Wales. The figures for the current year are estimates.

£ million

Year	*Great Britain*	*Wales*
1993–94	38.3	1.8
1994–95	77.0	3.7
1995–96	99.7	5.2
1996–97	68.2	3.4
1997–98 (estimated)	69.0	3.8

Major changes to HEES, which were made by the previous administration, came into force on 1 July. I shall take an early opportunity to review the operation of the scheme in order to check that it is meeting the needs of customers.

European Funds

Mr. Ben Chapman: To ask the Secretary of State for the Environment, Transport and the Regions if the Government are to implement the revised arrangements for administering the European Regional Development Fund and the European Social Fund in England announced by the previous Administration. [6917]

Mr. Caborn: I have reviewed the proposed new arrangements, which are based on action plans, in the light of representations made to me. I recently met Commissioner Wulf-Mathies to hear the Commission's views.

The Government's view is that the action plan approach provides a real opportunity to improve the administration of the structural funds in England. Action plans will allow partnerships to bring together individual projects in a way which reflects regional priorities, tackles issues in a coordinated way and streamlines bureaucracy. However, we recognise that circumstances vary across the country and between regions and we do not wish to impose a uniform system. We have decided, therefore, that it will be for each programme monitoring committee to decide to what extent it wishes to adopt the new action plan approach.

A concern of local partners is that resources should be available to assist with management and administration costs. The Commission has agreed that technical assistance funds could, in principle, be available for partnerships where it was clear that they were taking on an additional role which added to the quality and effectiveness of implementation.

I am today writing to the chairmen of the programme monitoring committees to let them know of the Government's decision and to encourage them to take advantage of the potential offered by the new action plan arrangements.

Channel Tunnel

Mrs. Dunwoody: To ask the Secretary of State for the Environment, Transport and the Regions what was the length of time before *(a)* the loss of a door and *(b)* the collision between another train and the door, referred to in paragraph 75 of the Channel Tunnel Safety Authority Report 1995–96, were reported; and what factors underlay the length of time taken. [5873]

Ms Glenda Jackson: The Channel Tunnel Safety Authority Report for 1995–96, paragraph 66, says that arrangements for formal reporting by Eurotunnel of incidents and accidents were concluded during the year covered by the report. These arrangements cover the detailed circumstances where Eurotunnel is required to make immediate reports, reports within 72 hours or regular daily, monthly, half yearly and annual reports.

The incident involving the loss of the emergency door from a tourist shuttle on 28 April 1995 occurred before the formal reporting arrangements were in place. The incident was reported in Eurotunnel's daily report received on the day following the incident and a detailed report was received from Eurotunnel on 2 May 1995.

Mobile Telephones

Mr. Chaytor: To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to limit the use of mobile phones in cars. [6226]

Ms Glenda Jackson: Failure to have proper control of a vehicle is already an offence and the police can and do successfully prosecute driving offences that arise from the use of mobile phones while driving. My noble Friend Baroness Hayman will be meeting representatives of the police this month to consider whether additional measures are required. These are likely to include strengthening the advice in the Highway Code and good practice guidelines for drivers and for employers. Discussions are also being held with the mobile phone industry on how best to publicise the potential dangers of this practice.

Mixed Oxide Fuel

Dr. Lynne Jones: To ask the Secretary of State for the Environment, Transport and the Regions in what forms mixed oxide fuel is transported by *(a)* road, *(b)* air and *(c)* sea. [5460]

Ms Glenda Jackson: Mixed oxide fuel (MOX) is normally transported by all modes in the form of fuel rods, consisting of ceramic pellets encased in metallic sheaths, or as finished fuel elements, consisting of a bundle of such rods in a supporting structure. MOX fuel is carried in packages approved by this Department.

Roads Programme Review

Mr. Keetch: To ask the Secretary of State for the Environment, Transport and the Regions what plans the Government have to provide funding for alternative measures to address the environmental and transport problems which originally gave rise to road schemes dropped following the roads programme review; what the priorities will be for transport expenditure in that respect; and if he will make a statement. [5962]

Ms Glenda Jackson: We are currently taking forward our review of the roads programme. No decisions have yet been taken on specific schemes. The review will be very closely co-ordinated with the work on an integrated transport policy and the comprehensive spending review. Future funding of transport will be a major consideration of this work.

Traffic Accidents (Alcohol)

Mr. Kidney: To ask the Secretary of State for the Environment, Transport and the Regions how many people *(a)* who died in road traffic accidents were found to have been driving with excess blood alcohol levels and *(b)* tested positive for driving with excess alcohol in respect of fatal road traffic accidents in England and Wales in each of the last three years. [5966]

Ms Glenda Jackson: *(a)* Rounded estimates of drivers or riders of motor vehicles killed in road accidents in Great Britain with illegal blood alcohol levels are shown in the following table. Estimates for England and Wales are not available separately.

1994 340

1995 300

1996 320 (provisional).

(b) Reported numbers of drivers or riders of motor vehicles who tested positive following a fatal road accident are shown in the following table. These numbers will exclude a small proportion of fatal drink drive accidents where it was not possible to administer a breath test.

	Great Britain	*England and Wales*
1994	123	115
1995	128	119
1996	117	111

Traffic Enforcement Officers (Powers)

Liz Blackman: To ask the Secretary of State for the Environment, Transport and the Regions if he will remove the limitations on the powers of traffic enforcement officers to seize driver and vehicle records. [6243]

Ms Glenda Jackson: The Government accept that there is scope for clarifying the powers of enforcement officers to inspect and remove tachograph charts as well as to search for other evidence and will promote amending legislation when a suitable opportunity arises.

Driving Hours

Liz Blackman: To ask the Secretary of State for the Environment, Transport and the Regions if he will ensure that United Kingdom drivers are immediately prohibited from driving when they are found to have exceeded permitted driving hours. [6242]

Ms Glenda Jackson: Where the driver of a UK registered vehicle is found to have exceeded permitted driving hours, or taken inadequate rest, he or she would normally be advised to take the rest or face the prospect that any refusal to do so would be reported to the court in any subsequent prosecution, or cause possible further charges to be brought. Although there is no evidence that this procedure is inadequate, the Government accept that there is a case for a power to prohibit the drivers of UK registered vehicles and will promote amending legislation when a suitable opportunity arises.

Liz Blackman: To ask the Secretary of State for the Environment, Transport and the Regions if he will ensure that United Kingdom domestic drivers' hours regulations are as stringent as those obtaining in the European Union. [6251]

Ms Jackson: The United Kingdom legislation on drivers' hours pre-dated the European Union rules and now applies only to certain types of vehicle operation which are exempt from European Union rules. We shall be considering the practical and legal implications of bringing some or all of those types of operation within the European Union rules. Such a change would require primary legislation and we would consult operators and their employees before making it.

Liz Blackman: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the *(a)* United Kingdom and *(b)* EU regulations governing HGV drivers' hours; and if he will make a statement on areas of disparity between *(a)* and *(b)*. [6249]

Ms Jackson: The United Kingdom regulations on drivers hours are contained in part VI of the Transport Act 1968 as amended. The European Union regulations are contained in Council Regulation (EEC) 3820/85. The main differences between the UK and EU rules for goods vehicle drivers are:

	UK rules	*EU rules*
Continuous driving (max)	No limit	4½ hours (after which a break of 45 minutes must be taken)
Daily driving (max)	10 hours	9 hours (10 hours twice a week)
Fortnightly driving	No limit	90 hours
Daily rest (min)	None but there is a daily duty limit of 11 hours	11 hours (reducible to 9 hours 3 times a week)
Weekly rest (min)	None	45 hours (after 6 days)

Dartford Crossing (Toll)

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if he will meet the Dartford Crossing operators to discuss the advantages of avoiding an increase in the toll being triggered under the Dartford-Thurrock Crossing Act 1988. [6288]

Ms Glenda Jackson: I have no immediate plans to discuss with the operators of the Dartford Crossing changes to their current entitlement to toll increases in line with the RPI.

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions when he expects tolling to end on the Dartford Crossing. [6282]

Ms Jackson: The current legislation requires tolling to end when the concessionaire has achieved its financial objectives and a fund for future maintenance has been accumulated. On current projections that point would be reached in 2001.

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions what was *(a)* the total received in tolls on the Dartford Crossing and *(b)* the number of vehicles using the crossing in each year since 1988. [6284]

Ms Jackson: The information is as follows:

Year to	*Vehicles (000)*	*Revenue (£000)*
2 months to 30 September 1988	5,252	4,330
30 September 1989	28,735	26,642
30 September 1990	30,386	28,230
30 September 1991	29,361	29,952
30 September 1992	34,798	35,966
30 September 1993	37,385	40,952
30 September 1994	39,947	44,849
30 September 1995	42,557	48,320
30 September 1996	44,364	51,749

M25 Widening

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions when the Regional Director for the Government Office for the South East will reply to the letter of 21 April from Mr. Chris Fisher on behalf of FLAME relating to air quality within the vicinity of the proposed widening of the M25 in Surrey. [6341]

Ms Glenda Jackson *[holding answer 1 July 1997]:* The Government Office for the South East acknowledged Mr. Fisher's letter on 23 April, explaining that the letter had been forwarded to the Highways Agency as the agency responsible for this scheme, but that it would not be possible to respond before the general election.

The scheme in question now falls within the roads review announced by my right hon. Friend, the Minister of Transport, on 19 June 1997 and is one of those that are subject to the accelerated review procedure. The outcome of the accelerated review will be known by the end of July and the Highways Agency will respond once this is announced.

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if he will refer the representations he has received from FLAME to those bodies charged with assessing the proposed widening of the M25 under the accelerated highways review. [6338]

Ms Jackson *[holding answer 1 July 1997]:* The proposed widening of the M25 between junctions 12 to 15 has been included in the accelerated review of urgent schemes which is currently taking place. In the course of that review, account will be taken of views that have been expressed about the schemes under consideration.

Aircraft Noise, Heathrow

Mr. Tony Coleman: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on aircraft noise monitoring on the Heathrow flight paths. [6420]

Ms Glenda Jackson: Noise from aircraft taking off from Heathrow has been monitored successively by Government Departments, the British Airports Authority, and by Heathrow Airport Ltd. (HAL) on behalf of the Government.

The Government also undertake annual surveys of aircraft noise around Heathrow, Gatwick and Stansted airports, which are published in the form of noise contours for the 16-hour day. The most recent available are for 1994.

Special noise monitoring exercises are also carried out from time to time to collect data on particular aspects of airport operations.

DEFENCE

Strategic Defence Review

Mr. Blunt: To ask the Secretary of State for Defence when the policy baseline for the Strategic Defence Review will be completed; and if it will be published. [5568]

Dr. Reid: The Strategic Defence Review is foreign policy led. Its first stage will reassess Britain's essential security interests and defence needs in the changing international environment. This work is expected to be completed during the Summer and will provide the policy baseline for the Review. We shall consider then whether anything should be published in advance of the completion of the Review.

Trident

Mr. McAllion: To ask the Secretary of State for Defence what plans his Department has to order Trident missiles before the Strategic Defence Review is concluded. [5608]

Mr. Spellar: As my right hon. Friend the Secretary of State for Defence told the House on 16 June, *(Official Report,* Columns 9 and 10), procurement business will proceed as normally as possible during the Strategic Defence Review. Where procurement decisions on major equipment programmes are required before the Review is concluded, and this will include the seven Trident missiles planned to be ordered in US Fiscal Year 1998, they will be considered on their individual merits and in relation to progress with the Review.

Gulf War Veterans

Mr. Kidney: To ask the Secretary of State for Defence, when he last met representatives from the Gulf War Veterans Association to discuss Gulf War Syndrome. [2054]

Dr. Reid *[pursuant to his answer, 16 June 1997, c. 76]:* I regret that there was an erroneous reference to chemical warfare which should have been to biological warfare. For convenience the full corrected answer should have been as follows: As part of our commitment to listening to their concerns, the Secretary of State for Defence and I met veterans' representatives, including members of the Gulf Veterans Association, on 29 May. I was encouraged by the welcome extended by veterans to the new measures I announced last month, including new research on the effects of vaccines, additional resources for the medical assessment programme and a full and open explanation of the scientific basis in which our troops were protected against biological warfare in the Gulf.

Logistic Information Systems Agency

Mr. Alan Keen: To ask the Secretary of State for Defence what are the key targets for the Logistic Information Systems Agency for 1997–98. [7060]

Dr. Reid: The Chief Executive of the Logistic Information Systems Agency has been set the following key targets for 1997–98.

To deliver the agreed levels of service whilst achieving a 2.5 per cent. cut in unit costs for LISA output in FY 1997–98.

To achieve a 10 per cent. improvement in delivery performance to customers' requirements.

To secure the benefits of the Partnership at 10 per cent. above contractual commitment.

To achieve Investors in People accreditation by April 1998.

To improve LISA recruitment levels such that 95 per cent. of funded posts are filled with appropriately qualified personnel.

Gordon Foxley

Mr. Jim Murphy: To ask the Secretary of State for Defence if he will make a statement about negotiations with the companies involved in the payment of commissions to Gordon Foxley relating to defence companies. [7090]

Mr. Spellar: Following the settlement reached with my Department in June 1996, under which Raufoss AS of Norway paid an agreed sum in redress, the company became eligible from that time to be considered for Ministry of Defence orders, but normal commercial relations were not to be resumed for some months while the operation of the agreement was monitored. I am pleased to report that the company has continued to co-operate fully with my Department since that date, including provision of full access to their relevant accounting records, and has satisfied my Department in respect of its management arrangements and approach to future contracts. We have therefore decided to resume normal commercial relations with the company.

Discussions are continuing with the other companies involved in the Foxley case, against whom proceedings are still in train.

Defence Postal and Courier Services Agency

Mr. Alan W. Williams: To ask the Secretary of State for Defence what are the key targets for the Defence Postal and Courier Services Agency for 1997–98. [7091]

Dr. Reid: The Chief Executive of the Defence Postal and Courier Services Agency has been set the following key targets for 1997–98.

1. Under Competing for Quality, to expose £2 million of Agency business to competition.
2. Under the Private Finance Initiative, to pursue the automation of Forces Post Office counters world-wide with Post Office Counters Ltd., the Benefits Agency and Industry by March 2001.
3. To complete the implementation of the Triennial Review by 31 March 1998.
4. To identify the ratio of overheads to outputs (1996–97) and establish savings targets (1997–98) and achieve targets by 31 March 1999.
5. To rationalise the technical funding and responsibility for Postal and Courier Service Units across MOD Top Level Budgets following the Triennial Review.
6. To benchmark the unit costs of output over a 3 year period ending 31 March 1999.

TREASURY

Domestic Fuel (VAT)

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer (1) if he will estimate the impact on the index by which the state retirement pension is uprated of a reduction in VAT on domestic fuel to 5 per cent.; [5999]

(2) if he will estimate what the effects on the retirement pension would have been at the last uprating if VAT on domestic fuel and power had been reduced to 5 per cent. in September 1996. [6000]

Dawn Primarolo *[holding answer 30 June 1997]:* The state retirement pension is uprated in April of each year by the annual Retail Prices Index (RPI) inflation rate for the preceding September. The effect of reducing VAT on domestic fuel from 8 per cent. to 5 per cent. would be to reduce RPI inflation.

Building Society Conversions

Mr. Mitchell: To ask the Chancellor of the Exchequer if he will introduce a moratorium on further building society conversions. [6225]

Mrs. Liddell: No.

Bank of Credit and Commerce International

Mr. Mitchell: To ask the Chancellor of the Exchequer which of the recommendations contained in chapter 10 of the report by Senators Kerry and Brown on the closure of BCCI, he has *(a)* implemented and *(b)* rejected. [6476]

Mrs. Liddell: The recommendations to the Government and the Bank of England in the report of the Bingham Inquiry into the supervision of BCCI have all been implemented.

Banking Ombudsman

Mr. Paul Marsden: To ask the Chancellor of the Exchequer what plans he has to regulate the Banking Ombudsman by statute. [6633]

Mrs. Liddell: There are no plans at present.

Mr. Marsden: To ask the Chancellor of the Exchequer how many cases were dealt with by the Banking Ombudsman each year, over the past five years; and what percentage each year were found in favour of the claimant. [6632]

Mrs. Liddell: This information is provided in the Annual Reports of the Banking Ombudsman Scheme, copies of which are in the Library.

AGRICULTURE, FISHERIES AND FOOD

Sheep Scab Order 1997

Mr. Ieuan Wyn Jones: To ask the Minister of Agriculture, Fisheries and Food when he expects the Sheep Scab Order 1997 to come into force; and if he will make a statement. [3804]

Mr. Rooker: The Sheep Scab Order 1997 was made on 19 March 1997 under the previous Government and came into force on 1 July 1997. The order is designed to support the majority within the sheep industry who take their welfare responsibilities seriously and treat their animals against sheep scab.

It is intended to enable local authorities to order the treatment of sheep which are visibly affected with sheep scab. Local authorities will also be able to assist farmers deal with confirmed sheep scab on common land by ordering the clearance of the commons and requiring that sheep are treated for sheep scab before they are permitted to return. We shall be monitoring the operation of the order against its objectives.

Departmental Advisers

Mr. Alan Simpson: To ask the Minister of Agriculture, Fisheries and Food if he will list each person advising or assisting his Department who has *(a)* membership of and *(b)* involvement in (i) the European Round Table of industrialists, (ii) the European Centre for Infrastructure Studies, (iii) the Competitiveness Advisory Group, (iv) Transatlantic Business Dialogue, (v) the Association for the Monetary Union of Europe, (vi) Union of Industrial and Employers Confederations of Europe, (vii) Europe Bio and (viii) the World Business Council for Sustainable Development. [5307]

Mr. Morley: Membership of the European Round Table of industrialists, the Competitiveness Advisory Group and the Transatlantic Business Dialogue is on a personal basis. We have no central record of whether each person advising or assisting the Minister is a member of, or involved in, these groups.

Membership of the European Centre for Infrastructure Studies, the Association for the Monetary Union of Europe, the Union of Industrial and Employers Confederations of Europe, Europa Bio and the World Business Council for Sustainable Development is on a corporate basis. Representatives from companies and organisations involved with these groups may advise this Ministry from time to time.

Mr. Mitchell: To ask the Minister of Agriculture, Fisheries and Food if he will list the special advisers in his Department, the Minister to whom each is responsible, the subjects on which they advise and the number of advisers in his Department in the year up to 1 May. [5346]

Mr. Morley: This Department has two special advisers who are employed under the terms and conditions based on the model contract for special advisers, a copy of which has been placed in the Library of the House. Ms Cathy McGlynn and Mr. Tim Walker advise my right hon. Friend the Minister of Agriculture, Fisheries and Food in accordance with Schedule 1 (Part 1) of the model contract. Their subjects are:

Cathy McGlynn	*Tim Walker*
Fisheries	Food safety and standards
Countryside matters	Meat hygiene
Forestry	Animal health (including BSE)
Agricultural policy and the CAP	Pesticide safety
Production and trade in agricultural commodities	Veterinary medicines
External trade	Plant health
Food and Drinks Industry	Research
Competition issues	Animal welfare
Export promotion	Flood defence

During the year up to 1 May 1997, this department employed one special adviser. His employment ended on 31 March 1997.

Sewage Outfall, Falmouth

Ms Atherton: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the likely impact of South West Water's plans for a sewage outfall in Carrick Roads, Falmouth, on the quality of *(a)* oysters and *(b)* other shellfish. [5476]

Mr. Morley: The Department has made a partial assessment of the impact of the plans for a sewage outfall and has asked for further information to allow this assessment to be completed.

Animal Slaughter

Sir Richard Body: To ask the Minister of Agriculture, Fisheries and Food how many *(a)* pigs, *(b)* cattle, *(c)* sheep, *(d)* broiler chickens and *(e)* turkeys were slaughtered in (i) the last available 12 months period and (ii) the previous 12 months period; and if he will make a statement. [6064]

Mr. Rooker: The information requested is available from the *United Kingdom Slaughter Statistics* notice and the *Poultry and Poultrymeat Statistics* notice, copies of which are available in the Library of the House.

Minestone Tipping (Northumberland)

Mr. Beith: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement about the licensing of minestone tipping in the sea of Lynemouth, Northumberland. [6333]

Mr. Morley: The deposit of material anywhere below the mean high water mark requires a licence under the Food and Environment Protection Act 1985. Licences for the disposal of minestone as waste on to beaches and into the sea have not been issued since 1995.

The deposit of minestone has been authorised since 1995 for the purpose of coast protection at Lynemouth, Northumberland. The licensee, R. J. B. Mining, has recently submitted a report on the agreed programme of monitoring on the environmental effects of the use of this material which is at present under consideration by the Department.

Green Pound

Mr. Green: To ask the Minister of Agriculture, Fisheries and Food what plans he has to compensate farmers for the recent revaluations of the green pound. [6158]

Mr. Rooker: Payment of the aid available, as agreed by the March Agriculture Council, would have significant implications for UK public expenditure. We are considering carefully the case made by interested parties for payment.

Beef Assurance Scheme

Mr. Green: To ask the Minister of Agriculture, Fisheries and Food if he will simplify the requirements of the Beef Assurance Scheme. [6152]

Mr. Rooker: The Beef Assurance Scheme rules are strict in order to command the confidence of consumers. They were written in consultation with the Spongiform Encephalopathy Advisory Committee (SEAC) and minimise any risk of BSE occurring in a scheme herd. The scheme rules are kept under review, but the Government have no present plans to amend them.

Cohesion Cod

Sir Richard Body: To ask the Minister of Agriculture, Fisheries and Food what is the definition of the term cohesion cod in EU documentation. [6150]

Mr. Morley: This term is not defined in EU legislation. However it is commonly understood to refer to a quota to fish cod in Norwegian waters north of 62°N, granted to the EU by Norway as part of the European Economic Area Agreement, which is allocated among those Member States eligible for cohesion funds: Greece, Ireland, Portugal and Spain.

Sand Eels

Mr. Salmond: To ask the Minister of Agriculture, Fisheries and Food (1) what plans he has to control industrial fishing for sand eels off the British East Coast; and if he will make a statement; [6264]

(2) what representations he has made to his European colleagues concerning measures to control industrial fishing for sand eels in the North Sea; and if he will make a statement; [6265]

(3) if he will ban the industrial fishing for sand eels in the Wee Bankie area; [6266]

(4) if he will make a statement on the measures being taken to implement section 9.2 of the Statement of Conclusions of the March 1997 Intermediate Ministerial Meeting of the North Sea Conference. [6267]

Mr. Morley: The Government believe that all industrial fisheries should be subject to the same requirement as other fisheries to operate on a sustainable basis. We remain concerned that the present restrictions on industrial fisheries may not adequately protect some particularly sensitive areas. As there have been no meetings of the Council of Fisheries Ministers since 1 May I have not had the opportunity to raise this issue there. However, discussions at official level with the Danish Ministry led to their facilitating scientific observation by the Scottish Office Marine Laboratory of this year's sand eel fishery by the Danish fleet off the British East Coast, where the observed catch was more than 99.6 per cent. sand eels.

The Sea Mammal Research Unit, along with the Danish Institute of Fisheries Research, the Natural Environment Research Council, the Scottish Office and others, is undertaking a collaborative three-year project (ELIFONTS), ending in 1999, to examine the impact of industrial fishing on sand eel abundance and the effects of variations in that abundance on predators in the Wee Bankie and neighbouring fisheries. The contractors have undertaken to give early warning of any interim results which show that the fishery is having adverse effects on the various species. We are also funding Newcastle University's research vessel to carry out sampling of sand eel populations within the study area as part of the project.

Section 9.2 of the Statement of Conclusions of the Intermediate Ministerial Meeting on the Integration of Fisheries and Environmental Issues, invites the competent authorities to consider (inter alia) restrictions on fishing in any areas where it is judged the ecosystem requires protection. The European Commission will decide in the light of the ELIFONTS project and other research, what action is appropriate to propose to the Council of Ministers. We would expect them to consider options for introducing quantitative restrictions or complete bans in particularly sensitive areas, always bearing in mind the need to avoid displacing fishing effort in a way that has a net adverse effect.

The Wee Bankie lies outside UK territorial waters and the Government are unable to take unilateral action to restrict fishing there.

TRADE AND INDUSTRY

European Assistance (Cornwall)

26. **Ms Atherton:** To ask the President of the Board of Trade what plans she has to secure objective 1 status for Cornwall. [5230]

Mrs. Roche: Eligible areas for the European structural funds will not change before the end of 1999. Once the Commission has put forward proposals for reform of the structural funds and these have been negotiated and agreed, the Government will then consider proposing particular areas within the United Kingdom.

My hon. Friend was part of the delegation of Cornish members of the House who came to the Department of Trade and Industry on 18 June while I was in Brazil, and I can assure her that the Government will pay close attention to the needs of Cornwall along with other areas of the United Kingdom.

Competitiveness

27. **Mr. Touhig:** To ask the President of the Board of Trade what steps her Department is taking to improve the competitiveness of British companies. [5231]

Mrs. Heal: To ask the President of the Board of Trade what steps her Department is taking to improve the competitiveness of British companies. [5241]

Mrs. Beckett: I refer my hon. Friends to the answer I gave in response to my hon. Friends the Members for Dundee, West (Mr. Ross) and for Lincoln (Gillian Merton) earlier today.

29. **Mr. Fabricant:** To ask the President of the Board of Trade what steps she is taking to promote the competitiveness of small British companies in export markets; and if she will make a statement. [5235]

Mrs. Beckett: My noble Friend the Minister for Trade announced on 22 May that the Government would be setting up an Export Forum, with representation from business as well as from Whitehall. The Forum's remit will be to review the effectiveness of current official export promotion programmes and report to Ministers by the autumn with recommendations for a new export initiative.

Child Labour

28. **Mr. Corbyn:** To ask the President of the Board of Trade what proposals she has to prevent the import of goods produced by child labour; and if she will make a statement. [5234]

Mrs. Roche: The Government are firmly committed to using our best endeavours to eliminate the exploitation of child labour around the world. We intend to increase our financial support for the International Labour Organisation's International Programme on the Elimination of Child Labour and we welcome the proposal for a new ILO Convention on this issue. We will also explore how the processes of the World Trade Organisation can contribute to achieving our objective.

Clean Coal Technology

30. **Mr. Tipping:** To ask the President of the Board of Trade what new steps she intends to take to promote clean coal technology. [5236]

Mr. Battle: Over the next few months we will be conducting a detailed review of the UK's future clean coal technology requirements. As a key part of this review we have recently agreed to contribute some £50,000 to an industry led study as part of the Foresight exercise. The current plans will be included in the Comprehensive Spending Review announced by the Chief Secretary to the Treasury on 1 June 1997.

We are working closely with industry to promote UK expertise in clean coal technology for the substantial world export market that exists for these technologies. Already the Department has led one clean coal technology trade mission to India and an inward mission from China will take place in the autumn. Further outward and inward missions are planned for 1998. We are also working closely with the International Energy Agency to promote the development of clean coal technologies in developing countries which are expected to be the main market for these technologies over the next decade and beyond.

Partnership in Industry

31. **Mrs. Osborne:** To ask the President of the Board of Trade what is her policy on social dialogue and partnership in industry; and if she will make a statement. [5237]

Mr. Ian McCartney: The Government support social dialogue and partnership in Europe, at the national level and in individual undertakings. Social partnership is the best means of identifying and pursuing common objectives. It can make a real contribution to improving economic performance and social equity. The Government are looking for ways to develop social partnership at all levels.

Manufacturing Investment

32. **Mr. Rendel:** To ask the President of the Board of Trade what plans she has to encourage manufacturing investment in the United Kingdom. [5238]

Mrs. Beckett: Increased investment will come only with economic stability, an appropriate tax regime and the pursuit of competitiveness through partnership. My right hon. Friend the Chancellor has laid the foundations for economic stability and introduced tax changes to encourage business investment in the Budget. I have established an agenda for pursuing competitiveness through partnership starting with a Competitiveness summit on 23 July.

Greenpeace

33. **Mr. McAllion:** To ask the President of the Board of Trade when she next intends to meet Greenpeace to discuss oil exploration licences. [5239]

Mr. Battle: I have no immediate plans to meet Greenpeace.

Late Payment of Bills

34. **Mr. Page:** To ask the President of the Board of Trade what research she has evaluated into comparisons carried out between the countries that make up the European Union over the effect of a statutory right of interest on late payment. [5240]

Mrs. Roche: My Department has closely analysed the findings of research into late payment problems across Europe and the effect of a statutory right to interest, including recent surveys carried out by NOP and Grant Thornton.

Research undertaken by Grant Thornton identified that those Member States where businesses use legislation for statutory interest most frequently had much quicker payment periods. Additionally the research undertaken by NOP showed that 80 per cent. of British businesses wanted a statutory right to interest.

We are determined to end the culture of late payment in the UK and will introduce the Fair Payment of Commercial Debts Bill to give businesses a statutory right to claim interest on the late payment of commercial debts. We will consult on the most appropriate way of introducing legislation and will issue a Green Paper soon.

Aerospace Industry

36. **Mr. Jack:** To ask the President of the Board of Trade what is her Department's assessment of the key factors which will affect the prospects for the aerospace industry in the next decade. [5242]

Mr. Battle: The key factors that will influence the aerospace industry over the next decade are likely to be competitiveness on a global scale and a commitment to excellence. The Department will be actively supporting the UK aerospace sector in these areas.

Gas and Electricity Industries

37. **Mr. Watts:** To ask the President of the Board of Trade what steps she has taken to encourage greater competition in the gas and electricity industries. [5344]

Mr. Battle: I refer my right hon. Friend to the answer I gave earlier today to the hon. Member for Buckingham (Mr. Bercow).

Sustainable Energy

Mr. Martyn Jones: To ask the President of the Board of Trade if she will make a statement on her plans for encouraging research and development in sustainable energy technology. [5207]

Mr. Battle: The Government are undertaking a new and strong drive to develop renewable energy options as a means of ensuring diverse secure and sustainable energy sources.

I shall also examine the role of research and development to maximise the benefit to the economy of the emerging new environmentally friendly energy industries.

Post Office

Mr. Simon Hughes: To ask the President of the Board of Trade what is Her Majesty's Government's policy on the future of the Post Office. [5218]

Mr. Ian McCartney: Our policy on the future of the Post Office, in accordance with our election manifesto commitment, is to grant it greater commercial freedom, to take advantage of new challenges and opportunities. A consideration of options for implementing this commitment is now under way.

Inward Investment

Rev. Martin Smyth: To ask the President of the Board of Trade what plans she has to match inward investment to the United Kingdom to *(a)* the available skills and *(b)* regional needs. [5219]

Mr. Ian McCartney: It is the needs of individual inward investors and projects including skill requirements that will influence which regions are most attractive from case to case. The Government's role is to ensure that across all regions we have a skills base and other features which help maintain the UK's competitive position as an inward investment location.

Small Businesses

Ms Beverley Hughes: To ask the President of the Board of Trade what plans she has to improve support for small businesses. [5225]

Mr. Cotter: To ask the President of the Board of Trade what plans she has to make business support and advice more accessible to small businesses. [5227]

Mrs. Roche: Business Links are central to our strategy for delivering business services to small businesses. Improving the Business Link service to small and medium sized businesses is one of my key priorities. I am committed to ensuring that all Business Links deliver a service which is of the highest quality. Many are already doing so, and I am discussing with the national Business Link partners and others how we can ensure that all Business Links are brought up to the standard of the best.

Defence Industry

Mr. Corbyn: To ask the President of the Board of Trade what was the annual cost of export credit guarantee certificates to the arms export industries in each of the past 10 years. [4752]

Mrs. Roche *[holding answer 23 June 1997]:* The Export Credits Guarantee Department has paid to date the following claims on guarantees related to business with Defence Ministries underwritten in the last 10 years.

Year of underwriting	*£ million*
1987–88	48.3
1988–89	76.7
1989–90	31.7
1990–91	—
1991–92	0.7
1992–93	—
1993–94	—
1994–95	1.1
1995–96	—
1996–97	—

Edgware Sorting Office

Mr. Dismore: To ask the President of the Board of Trade if she will investigate the adequacy of the postal service given by Edgware Sorting Office; and if she will make a statement. [5661]

Mr. Ian McCartney: Operational responsibility for postal services rests with the Post Office. I understand that Royal Mail has experienced problems at Edgware because of staff shortages but a revision of staff duties planned for the autumn is expected to resolve the problems. In the meantime, Royal Mail has introduced interim measures to improve the quality of service which customers in Edgware receive.

Electrical Goods

Mr. Bill O'Brien: To ask the President of the Board of Trade if she will discuss with representatives of the electrical goods industry the public response to their recommended retail price regime. [4605]

Mr. Nigel Griffiths: As the MMC report is currently being considered by my right hon. Friend the President of the Board of Trade it would not be appropriate to comment.

Mr. O'Brien: To ask the President of the Board of Trade what representations she has received from the electrical goods industry concerning profitability, profit margins and manufacturing costs of goods supplied by the industry; and if she will make a statement. [4603]

Mr. Griffiths: My Department has received representations on these issues from the electrical goods sector. However since the MMC report is currently being considered by my right hon. Friend the President of the Board of Trade it would not be appropriate to comment.

Accountancy Firms

Mr. Mitchell: To ask the President of the Board of Trade if she will list those investigations currently being carried out by her Department under the Companies Act, Financial Services Act and Insurance Companies Act legislation, indicating the cost of each investigation, the manner in which the costs are being apportioned between inspectors and the likely date of publication. [4821]

Mr. Nigel Griffiths *[holding answer 25 June 1997]:* The Department carries out a number of enquiries under the Companies, Financial Services and Insurance Companies Acts, most of which are confidential. There are currently five Companies Act inspectors which were publicly announced. The information requested by the hon. Member in respect of these is as follows:

Company	*Inspectors*	*Accountant inspector's costs (including support staff and VAT) £(000)*	*Legal inspector's costs (including support staff and VAT) £(000)*	*Total costs of inspection to date (including disbursements) £(000)*
Guinness plc	Mr. D. Donaldson QC Mr. I. Watt FCA	2,469	660	3,137
Wace UK Holdings Limited Tinsley Robor plc European Colour plc	Mr. A. Robertshaw Mr. C. Mayhew (both departmental officers[1])	—	—	15
Mirror Group Newspapers plc	Sir R. J. L. Thomas Mr. R. Turner FCA	6,718	1,650	8,368
Chancery plc	Mr. R. Chandler ACA Mr. A. Fausett (departmental officer[1])	622	—	622
Queens Moat Houses plc	Mr. P. Phillips QC Mr. A. Burn FCA	2,487	907	3,396

[1] Excludes departmental staff costs. A decision on publication cannot be made before inspectors submit their report.

Office of Science and Technology

Dr. Starkey: To ask the President of the Board of Trade how many full-time equivalent staff were employed at the Office of Science and Technology on *(a)* permanent and *(b)* temporary contracts, in each year from 1994 to 1997 broken down by grades. [6156]

Mr. Battle: The average number of full-time equivalent staff employed in the two groups within OST in the years requested was as follows:

Science and engineering base group

Grade	*Permanent*				*Contract*				*Total*			
	1994	*1995*	*1996*	*1997*	*1994*	*1995*	*1996*	*1997*	*1994*	*1995*	*1996*	*1996*
DGRC	—	—	—	—	1	1	1	1	1	1	1	1
SCS	2	2	3	3	1	1	—	—	3	3	3	3
G6	2	2	3	3	—	—	—	—	2	2	3	3
G7	9	8	8	8	—	—	1	1	9	8	9	9
SEO	3	2	1	1	—	—	—	—	3	2	1	1
AT/HEOD	1	1	1	1	—	—	—	—	1	1	1	1
HEO/HSO	8	7	7	8	—	—	—	—	8	7	7	8
EO	5	5	4	4	—	—	—	—	5	5	4	4
AO	5	5	6	5	—	—	—	—	5	5	6	5
AA	—	—	—	—	—	—	—	—	0	0	0	0
SPS	1	1	2	2	—	—	—	—	1	1	2	2
PS	4	4	3	3	—	—	—	—	4	4	3	3
Typist	2	1	—	—	—	—	—	—	2	1	0	0
	42	38	38	38	2	2	2	2	44	40	40	40

Transdepartmental group

Grade	*Permanent*				*Contract*				*Total*			
	1994	*1995*	*1996*	*1997*	*1994*	*1995*	*1996*	*1997*	*1994*	*1995*	*1996*	*1997*
CSA	—	—	—	—	1	1	1	1	1	1	1	1
SCS	4	4	4	4	—	—	—	—	4	4	4	4
G6	4	5	2	2	—	—	—	—	4	5	2	2
G7	15	21	24	21	—	—	—	—	15	21	24	21
SSO/SEO/SIO	1	2	2	3	1	1	1	1	2	3	3	4
AT/HEOD	1	—	2	4	—	—	—	—	1	0	2	4
HEO/HSO	6	9	8	10	—	—	—	—	6	9	8	10
EO	5	5	8	10	—	—	—	1	5	5	8	11
AO	6	5	8	8	—	—	—	—	6	5	8	8
AA	3	2	2	4	—	—	1	—	3	2	3	4
SPS	1	1	1	1	—	—	—	—	1	1	1	1
PS	5	4	4	4	—	—	—	—	5	4	4	4
Typist	3	2	3	2	—	—	—	—	3	2	3	2
	54	60	68	73	2	2	3	3	56	62	71	76

The Transdepartmental Group numbers include the secretariat of the Chief Scientific Adviser (CSA) and the Management Support Unit for all of OST, and reflect the initiation and development of the Foresight Programme, the transfer of a section from elsewhere in DTI into the Group's International Directorate, the establishment of the secretariat for the Human Genetics Advisory Commission and, in 1997, a temporary increase in staff for the 1988 UK presidency of the EU and Framework V negotiations. The Science and Engineering Base Group includes the Director General of Research Councils (DGRC) and is responsible for the Science Budget and the Research Councils. Its numbers take into account the transfer in January 1996 of the Development Unit for Women in Science, Engineering and Technology from the Transdepartmental Group, and an increase in the number of Research Councils from six to seven.

The permanent staff figures in each year include about 20 staff on secondment from other Departments and Non Departmental Public Bodies including the Research Councils, and four secondees from private companies.

Trade and Aid

Mr. Redwood: To ask the President of the Board of Trade what assessment she has made of the loss of business and jobs in the United Kingdom as a result of ending the link between trade and overseas aid. [5717]

Mrs. Roche *[holding answer 1 July 1997]:* I expect there to be no significant effect on business or jobs in the UK following the Prime Minister's announcement that the UK would untie all of its pledge to the fourth phase of the Special Programme of Assistance to Sub-Saharan Africa.

There is no change to the tying status of the rest of the aid programme and thus there would be no effect on business or jobs.

Social Chapter

Mr. Paterson: To ask the President of the Board of Trade what assessment she has made of the Benefits for industry from the United Kingdom's adoption of the social chapter. [5233]

Mr. Ian McCartney: Decent minimum standards for workers in Europe will promote good working relations. That can only be good for business. By ending the last Government's futile opt-out, we will play a full part in negotiations and ensure that the Social Chapter promotes flexibility and employability, but not unnecessary social costs.

Machine Tool Industry

Mr. Purchase: To ask the President of the Board of Trade if she will make a statement about her plans to support the machine tool industry. [5208]

Mr. Battle: I met the Machine Tool Technologies Association on 20 May and am aware of its concerns. The machine tool industry will continue to be eligible for the range of Government support services to industry.

INTERNATIONAL DEVELOPMENT

Mineral Exploitation

Mr. Healey: To ask the Secretary of State for International Development what is Her Majesty's Government's policy towards the protection of *(a)* the environment and *(b)* indigenous tribes in areas of the world vulnerable to mineral exploitation; and if she will make a statement. [6244]

Clare Short: The Department for International Development (DFID) is committed to the sustainable eradication of poverty. Protection of the environment is an essential requirement for this. All bilateral DFID projects are appraised to ensure they take full account of environmental issues and many directly contribute to environmental protection. In 1995–96, expenditure on projects which contributed to conserving the environment as an objective totalled £196 million.

DFID seeks to ensure that, through their enhanced participation, indigenous people and ethnic minorities benefit from those projects and programmes, including mineral projects, which affect them and that any adverse effects upon them are minimised.

DFID also seeks to ensure that multilateral organisations such as the EC and the World Bank pursue development policies consistent with our own objectives.

Philippines

Mr. Healey: To ask the Secretary of State for International Development what representations she has received from organisations expressing concern at the mining activities of RTZ in the Philippines. [6277]

Clare Short: We have received no such representations and have no involvement with the mining sector in the Philippines.

Financing Institutions (Development Criteria)

Mr. Goodlad: To ask the Secretary of State for International Development what social and human development criteria she intends to ask the International Monetary Fund to use when assessing countries requesting funding. [6367]

Clare Short: I regard it is as important for all multilateral financing and development institutions to be guided in their operations in developing countries by the need to create economic conditions and local capacity which will enable each developing country to meet the social and human development objectives launched by the Development Assistance Committee of the OECD, with the key objective of reducing and eventually eliminating poverty.

Aid Projects

Mr. Goodlad: To ask the Secretary of State for International Development what new criteria she will use to assess projects seeking development aid. [6369]

Clare Short: We will ensure that all projects are not just developmentally sound, but contribute directly or indirectly to our core policy objective of eliminating poverty.

Poverty

Mr. Goodlad: To ask the Secretary of State for International Development what are her Department's targets for the number of people living in absolute poverty by 2015. [6371]

Clare Short: The Government is committed to the internationally accepted development target of reducing the proportion of people living in extreme poverty by half by 2015.

Debt Burden

Mr. Goodlad: To ask the Secretary of State for International Development what measures the Government took to reduce the debt burden on the poorest countries between 9 April 1992 and 1 May 1997. [6392]

Clare Short: I have already acknowledged the good record the previous government had on introducing measures to reduce the unpayable debts of the poorest countries, pushing for the introduction both of Naples Terms for the rescheduling of government to government debts, and the Heavily Indebted Poor Countries debt initiative which will tackle the problem of unpayable debt owed to all creditors, including the multilateral institutions. The previous government also continued the policy of forgiving the development loans of the poorest countries, a policy introduced under the last Labour government in 1978.

We welcome the progress made so far, but believe that much remains to be done, and are pressing the international community collectively to provide further debt relief. We need to make sure debt relief is implemented flexibly to reflect individual country needs, that it is accompanied by policies in debtor countries which are targeted on poverty elimination and that countries which are burdened with debt but have demonstrated their commitment to such policies get the relief they need as soon as possible.

Small and Medium Businesses

Mr. Goodlad: To ask the Secretary of State for International Development what steps Her Majesty's Government are taking to encourage small and medium businesses in developing countries. [6372]

Clare Short: The Department for International Development is actively promoting micro, small and medium enterprise development to create jobs, especially to improve poor people's access to income earning opportunities. The Department is seeking to develop local capacity to deliver cost effective business development and financial services. We place a particular emphasis on micro-finance. Approved commitments to 190 current projects exceed £95 million.

Developing Countries (Investment)

Mr. Goodlad: To ask the Secretary of State for International Development what steps she is taking to encourage British investment in developing countries. [6374]

Clare Short: The Government wishes to work more closely with the private sector to promote economic growth in developing countries. Improving the investment climate is a key target. We are seeking to improve our partnership with the private sector and consulting all interested groups. I will be setting out some thoughts on this in a speech at the Institute of Directors next week.

Functions Transfer

Mr. Goodlad: To ask the Secretary of State for International Development what was the cost to public funds of transferring functions formerly carried out by the Overseas Development Administration to the Department for International Development. [6370]

Clare Short: There was no cost to public funds associated with the transfer of functions formerly carried out by the Overseas Development Administration to the Department for International Development.

United Nations Industrial Development Organisation

Mr. Leslie: To ask the Secretary of State for International Development if she has reached a decision on United Kingdom membership of UNIDO. [6640]

Clare Short: I have today informed the UN Secretary-General of our decision to remain a member of United Nations Industrial Development Organisation (UNIDO). We will work within the organisation in order to demonstrate the Government's strong commitment to support the United Nations and its agencies and reforms which increase their effectiveness. This decision

recognises both the changes made so far in UNIDO and the UN Secretary-General's efforts to bring about a more effective UN.

SCOTLAND

EU Afforestation Budget

Sir Richard Body: To ask the Secretary of State for Scotland what was the European Union afforestation budget for 1993 to 1997. [6092]

Mr. Chisholm: The European Union's afforestation budget for the period 1993 to 1997 was 1,340 million ecu.

GP Fundholding

Mr. McAllion: To ask the Secretary of State for Scotland what steps he is taking to abolish general practitioner fundholding in Scotland. [5861]

Mr. Galbraith: The Government intend to publish a White Paper on the Scottish Health Service in the Autumn which will set out the options for new models of involving GPs in the design and delivery of patient care services. In the meantime, steps have already been taken to change the financial regime for GP fundholders to ensure the patients of non-fundholding GPs are not disadvantaged.

Ferry Services (Orkney and Shetland)

Mr. Wallace: To ask the Secretary of State for Scotland, pursuant to his answer of 16 June, *Official Report*, column *55*, how many tenders are currently being evaluated in respect of *(a)* the passenger ferry service to Orkney, *(b)* the passenger ferry service to Shetland and *(c)* a passenger ferry service for both Orkney and Shetland; and if he will make a statement. [6002]

Mr. Dewar *[holding answer 30 June 1997]:* Tenders for a block grant subsidy for the operation of passenger ferry services to Orkney and Shetland are currently being considered by Ministers. A number of options have been proposed for the operation of these services. Three proposals were made in respect of the services to Orkney, two of which also made proposals in respect of the services to Shetland. An announcement on the outcome of the tendering exercise will be made shortly.

Pyrethroid Sheep Dips

Mrs. Golding: To ask the Secretary of State for Scotland if he will make a statement on the effect of pyrethroid sheep dips on aquatic life in rivers and streams in Scotland. [6157]

Mr. Chisholm: I understand from the Scottish Environment Protection Agency that much of the impact in watercourses affected by the disposal of spent pyrethroid sheep dip has been on aquatic invertebrates such as river insects, although there have been a number of reported cases of significant fish kills.

There are serious practical difficulties in disposing of spent pyrethroid sheep dip particularly in the more remote areas of the Highlands and Islands. However, the Scottish Environment Protection Agency considers environmental risks can be greatly reduced by the adoption of good farming practice. Comprehensive advice can be found in The Scottish Office Code of Good Practice for the Prevention of Environmental Pollution from Agricultural Activity, a revised edition of which will be available at the end of this month. The Scottish Environment Protection Agency actively promotes such good practice through the publication of educational material and undertaking farm visits.

Legal Services (Orkney and Shetland)

Mr. Wallace: To ask the Secretary of State for Scotland in how many cases in *(a)* Orkney and *(b)* Shetland the Procurator Fiscal proceeded by way of a fiscal fine in each year since 1992. [6049]

Mr. McLeish *[holding answer 2 July 1997]:* The numbers of criminal reports concluded by way of a fiscal fine by the Procurator Fiscal at Kirkwall (Orkney) and Lerwick (Shetland) are as follows:

Year	*Kirkwall*	*Lerwick*
1992–93	41	145
1993–94	27	50
1994–95	32	43
1995–96	28	42
1996–97	76	67

Mr. Wallace: To ask the Secretary of State for Scotland in how many cases reports were submitted to the Procurator Fiscal in *(a)* Orkney and *(b)* Shetland marked for no proceedings in each year since 1992. [6048]

Mr. McLeish *[holding answer 2 July 1997]:* The information is as follows:

Year	*Kirkwall*		*Lerwick*	
	Total reports received	*No proceedings*	*Total records received*	*No proceedings*
1992–93	742	89	870	86
1993–94	708	81	794	143
1994–95	715	94	758	167
1995–96	704	38	768	60
1996–97	786	46	854	80

RAF Edzell

Mr. Swinney: To ask the Secretary of State for Scotland by what means he will support the economic development initiatives proposed by the RAF Edzell Task Force, in their bid for Challenge Funding in early 1997; and if he will make a statement. [6378]

Mr. Chisholm: Four million pounds is being made available through the Central Challenge Fund over the next three years for a package of measures put forward by Angus and Aberdeenshire Councils, with the support of the Edzell Task Force, to strengthen the local economy following the withdrawal of the US Navy from RAF Edzell.

Skye Bridge

Mr. Charles Kennedy: To ask the Secretary of State for Scotland when he expects the Lord Advocate to reply to the requests from the hon. Member for Ross, Skye and

Inverness, West for a meeting to discuss the Skye Bridge tolls non-payment campaign; and if he will make a statement. [6496]

Mr. McLeish: My noble and learned Friend the Lord Advocate has asked the Procurator Fiscal at Dingwell to undertake a review of pending cases. The Lord Advocate will write to the hon. Member once the review has been completed.

NORTHERN IRELAND

Gallaher (Subsidy Payments)

Ms Jane Griffiths: To ask the Secretary of State for Northern Ireland if she will make a statement on her plans for future subsidy payments to Gallaher's tobacco company in Northern Ireland. [2440]

Mr. Ingram: Any future application for financial assistance by Gallaher under programmes of support for industry in Northern Ireland will be considered against the normal criteria of eligibility for such support.

Ice Making Plant (Portavogie)

Mr. John D. Taylor: To ask the Secretary of State for Northern Ireland what proposals there are to provide a new ice making plant at Portavogie; and if she will make a statement. [5593]

Mr. Paul Murphy: Approval has been given for grant aid to the Northern Ireland Fishery Harbour Authority towards the cost of constructing a replacement ice-making plant at the fish auction hall in Portavogie. Consideration of the possible replacement of the other, larger ice plant at Portavogie Harbour is being given in the context of the Authority's Development Plan, which is currently under preparation.

Water Meters

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland how many and what percentage of properties in *(a)* North Down and *(b)* Northern Ireland have water meters; how many were charged for excess use and how much was collected in each of the last three years; and when she expects metering to become universal. [5638]

Mr. Paul Murphy: Responsibility for the subject in question has been delegated to the Water Service under its Chief Executive, Mr. H. R. F. Plester. I have asked him to arrange for a reply to be given.

Letter from H. R. F. Plester to Mr. Robert McCartney, dated 30 June 1997:

The Secretary of State has asked me to reply your recent Parliamentary Question asking what percentage of properties in Northern Ireland and North Down have water meters, how many were charged for excess use and how much was collected in each of the last three years, and when water metering is expected to become universal.

In Northern Ireland domestic properties are unmetered. Domestic customers pay for water and sewerage services through their contribution to the regional rate. Water supplies to non-domestic properties, mainly in the commercial, industrial and agricultural sectors, are metered where it is assessed that consumption may exceed the domestic property allowance of 100 cubic metres in any six month period. A farm with a metered supply, which also includes a domestic household, is given the domestic usage allowance for that proportion of the property comprised by the household. All supplies serving properties on which full rates are not payable are also metered.

There are currently 68,787 metered water supplies in Northern Ireland of which 51,562 are chargeable. There are a number of reasons why a property may be metered but not charged including usage recorded below the domestic allowance level, test metering for leakage control purposes, etc. Income received in the last three financial years was £26.5 million in 1994–95, £27.7 million in 1995–96 and £29.4 million in 1996–97.

There are no charges levied for excess use. Metered water customers are responsible for paying for all water recorded by their meters as passing from the public water supply network to their private pipework. If a metered water customer encounters very high demand because of a burst, or fittings failure, or their private pipework, they may apply for a reduction on their bill. Such an allowance is, however, granted on a strictly 'once only' basis. The experience of one such episode of exceptional use or wastage is considered to have put a customer on guard that they are in future responsible for all water their meter records as being used on their property. They should, thereafter, put in place appropriate monitoring to identify at an early stage any unexplained rise in consumption on their premises.

Records maintained by the Water Service relate to the numbers of metered supplies rather than properties supplied. A metered supply may service more than the property to which it was initially provided and, therefore, it is not possible to determine the number of individual properties which are provided for by metered supplies. The North Down constituency boundaries do not equate to Water Service metering areas and information on the number of water meters in this area, or on the income received from them, is not available.

The Water Service has no plans to introduce universal water metering in Northern Ireland.

Trade Union Subscriptions

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland if she will make it her policy to have Northern Ireland included in the proposed amendment of legislation to permit trade union subscription to be paid by check-off without regular reballoting of members. [5640]

Mr. Ingram: Any amendment of legislation in Great Britain to permit trade union subscriptions to be paid by check-off without regular reballoting of members will be replicated in Northern Ireland.

Traffic (Bangor)

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland (1) what steps she is taking to provide adequate car-parking spaces near Bangor station; and what plans she has to charge for car-parking at Bangor market; [5642]

(2) what is her policy with respect to road traffic reduction on the Rathgael and Balloo roads in Bangor and promotion of the use of the existing Bangor dual-carriageway ring road. [5643]

Mr. Paul Murphy: Responsibility for the subject in question has been delegated to the Roads Service under its chief executive, Mr. W. J. McCoubrey. I have asked him to arrange for a reply to be given.

Letter from G. P. Fraser to Mr. Robert McCartney, dated 30 June 1997:

The Secretary of State for Northern Ireland has asked the Chief Executive to respond to your recently tabled PQs about traffic reduction on the Rathgael and Balloo Roads and car parking in Bangor. In the Chief Executive's absence, I will reply on his behalf.

Rathgael Road/Balloo Road acts as a distributor road serving the housing developments on the eastern side of Bangor. It is complementary to, rather than an alternative for, the Bangor Ring Road and there are no plans to reduce traffic on it.

Roads Service has 393 car park spaces in close proximity to Bangor Station (232 free) and is working closely with Northern Ireland Transport Holding Company to encourage the use of bus and train.

Finally, charging is being introducing at the Castle Square car park (Bangor Market) before the end of July. Charging will be implemented in approximately 50% of the car park with the remainder being free.

Departmental Mergers

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland what plans she has to integrate the functions of the various Northern Ireland departments and to merge some into her own Department; what advice she has received on this issue; and if she will make a statement. [5637]

Mr. Paul Murphy: My right hon. Friend the Secretary of State announced on 6 May that my hon. Friend the Member for Clydebank and Milngavie (Mr. Worthington) would take Ministerial responsibility for both the Training and Employment Agency and the Department of Education, but without integrating their functions. She has no other plans to integrate any functions of the Northern Ireland departments or to merge some into the Northern Ireland Office. She has neither sought nor received any advice on these issues.

Pension Schemes

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland what *(a)* percentage of the expenditure of the five largest public sector pension schemes and *(b)* amount was received from (i) the employer and (ii) investment proceeds last year. [5641]

Mr. Paul Murphy: The information requested is listed:

	(i) Employer expenditure		*(ii) Investment proceeds expenditure*	
	(a)	*(b)*	*(a)*	*(b)*
	Percentage	*Amount £ million*	*Percentage*	*Amount £ million*
Principal Civil Service Pension Scheme (NI)	72.5	81.2	Nil	Nil
Health and Personal Social Services Superannuation Scheme (NI)	23.9	21.9	Nil	Nil
Northern Ireland Local Government Officers Superannuation Scheme	23.5	12.0	38	19.5
Teachers Superannuation Scheme	40	41.5	Nil	Nil
RUC Pension Scheme	100	41.8	Nil	Nil

Figures for financial year ended 31 March 1997.

Scrabo High School

Mr. John D. Taylor: To ask the Secretary of State for Northern Ireland how many pupils applied for places in Scrabo High School, Newtownards for the academic year 1997–98; how many of these were new applicants; how many were accepted; and if she will make a statement. [5683]

Mr. Worthington: A total of six pupils applied as new entrants for places in Scrabo High School in the 1997–98 academic year. All the applicants would have been accepted if the school had remained in operation.

I have recently approved a proposal by the South Eastern Education and Library Board to close Scrabo High School. This decision was taken after very careful consideration of all relevant information, including the school's existing and projected enrolments, the enrolment capacities of neighbouring schools, and financial, community and educational factors. Account was taken also of the various representations which were made to the Department of Education during the statutory objection period. I concluded that the school was financially and educationally unviable and that closure was in the long-term interest of the children concerned.

Teachers and Lecturers

Mr. Roy Beggs: To ask the Secretary of State for Northern Ireland how many *(a)* teachers in schools and *(b)* college and university lecturers in Northern Ireland are employed on one year contracts of employment. [6294]

Mr. Worthington: The information requested is not held centrally and could be obtained only at disproportionate cost.

However, 614 teachers in schools and 35 lecturers in colleges and universities were employed in a full-time temporary capacity for the 1996–97 school year.

Social Security Agency

Ms Moran: To ask the Secretary of State for Northern Ireland what performance targets have been set for the Social Security Agency for the current financial year. [6913]

Mr. Worthington: The targets are in line with the objective of improving the service provided to customers and fully support the standards established in the Northern Ireland Citizen's Charter. I am satisfied that the targets represent a demanding challenge for the Agency. The targets will be included in the Agency's 1997–98 Strategic and Business Plan, which is due for publication in July. A copy of the Plan will be placed in the Library. The targets are as follows:

1. *Benefit clearance times'*

Jobseeker's Allowance claims:

71 per cent. in 10 days

93 per cent. in 21 days.

Faster Family Credit:

93 per cent. in 5 days.

2. *Benefit accuracy*

Income Support:

to pay the correct amount in at least 87 per cent. of cases.

Incapacity Benefit:

to pay the correct amount in at least 98 per cent. of cases.

Family Credit:

to pay the correct amount in at least 93 per cent. of cases.

Disability Living Allowance:

to pay the correct amount in at least 99 per cent. of cases.

Jobseeker's Allowance:

to pay the correct amount in at least 87 per cent. of cases.

3. *Customer satisfaction*[2]

90 per cent. of customers to regard the Agency's service as satisfactory or better.

4. *Financial recovery*

recovery of Social Fund loans—£27.17 million

recovery of overpayments—£4.6 million[3]

benefit savings from detection and prevention of fraud—£15.00 million sign-offs as a result of anti-fraud activity—5,500

sign-offs as a result of anti-fraud activity—5,500

Class 1 contributions identified as underpaid to the National Insurance Fund—£1.65 million

Collection of Contributions owing to the National Insurance Fund[4]—£1.4 million

Contributions identified as underpaid to the National Insurance Fund—to provide a return on Challenge Fund investment of 9:1[5].

5. *Resource Management*

to live within a gross allocation of £40.34 million for Social Fund loans and Community Care grants

to live within the Agency's gross running cost budget allocation

to achieve cash efficiency savings of the order of £5.50 million.

[1] Clearance time is measured from the date of receipt of a claim or application in the office to the date on which the claim or application is decided. The measure, therefore, excludes the time taken to issue notification of the decision and any payment.

[2] The customer satisfaction target is presently measured by independent survey and usually covers a two year period, in this case 1997–98.

[3] It has been decided to combine the previous figures for Income Support Centralised Benefits and Unemployment Benefit with the new figure for Jobseeker's Allowance into one overall Overpayment Recovery Target. This target is based on a percentage of the overall outstanding debt, which will be much more challenging than the existing system. The yield in 1996–97 was £2.56 million.

[4] This was an internal target in 1996–97, but has been raised to Ministerial status in line with the Contributions Agency in GB.

[5] This is a new target for the Agency.

Public Record Office

Ms Moran: To ask the Secretary of State for Northern Ireland what performance targets have been set for the Public Record Office of Northern Ireland in 1997–98. [6914]

Dr. Mowlam: For 1997–98 the following performance targets have been set for PRONI:

Financial Performance

To meet the challenge of managing the Agency's workload by:

(a) absorbing a 13.3 per cent. reduction in staff numbers;

(b) providing for an estimated 4 per cent. increase in readers;

(c) maintaining extended opening hours;

(d) ensuring that expenditure is within the financial limits approved.

Output

1. To appraise at least 4,000 linear metres of records, including the reappraisal of records so as to eliminate low-grade material.

2. To list and index at least 500 linear metres of records, including ensuring that 100 per cent. of all new "open" material is thus processed within one year of receipt.

Quality of service

1. To survey the conditions in which 10 per cent. of 33,360 metres of records are stored; and, in a related exercise, to take remedial action on upgrading c.1,800 linear metres of records as presently stored on mobile shelving at Balmoral Avenue so as to bring them up to defined standards of archival protection.

2. With the help of the computerised document request system, to improve the speed of on-site production to the public by reducing waiting time from 40 minutes to 37 minutes or less in 90 per cent. of cases.

3. To process customer queries within 10 working days of receipt in 90 per cent. of cases and within 14 working days in 96 per cent. of cases, thus improving PRONI's Citizen's Charter commitment.

4. To ensure the smooth completion of the annual release for 1998—c.680 files, but with the possible addition of court records—as well as the ongoing release of identified blocks of records at earlier than 30 years.

Efficiency

1. To reduce PRONI's composite Unit Cost in the areas of selecting and accessioning, records listing, records storage, document production and reader service by 3 per cent., from £99.95 to £96.95.

SOCIAL SECURITY

Late Claims

Ms Walley: To ask the Secretary of State for Social Security (1) if she will make a statement on the legislation relating to late claims for benefit; [2236]

(2) what plans she has to review the three-months limit on the backdating of benefits; and if she will make a statement. [2235]

Mr. Bradley: I refer the hon. Member to the reply given by my right hon. Friend the Secretary of State on 2 July, *Official Report*, columns *207–209*.

Benefit Claimants (Motherwell and Wishaw)

Mr. Roy: To ask the Secretary of State for Social Security what was the number of claimants for each benefit in the Motherwell and Wishaw Benefits Agency district in the most recent year for which figures are available. [5014]

Mr. Field: One of our key aims is to improve the service provided to claimants and other customers. Particular queries on Benefits Agency operational matters are the responsibility of Peter Mathison, its Chief Executive. I have asked him to write directly and for his reply to be published with the answer.

Letter from Peter Mathison to Mr. Frank Roy, dated 2 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking about the number of claimants for each benefit in the Motherwell and Wishaw Benefits Agency District in the most recent year for which figures are available.

Motherwell and Wishaw benefit offices are part of the Benefits Agency Clyde Valley District which also includes offices at Hamilton, Lanark and Shotts. The information requested is not available in the format requested. Such information as is available is shown in the attached Annex.

Information for Child Benefit, Child Benefit (Lone Parent), Guardians Allowance and Invalid Care Allowance is not available and could only be obtained at disproportionate cost.

I hope you find this reply helpful.

Annex: Number of benefit customers for Clyde Valley district April 1996–March 1997

Benefit	*Number of customers*
Incapacity Benefit	9,878
Maternity Benefit	273
Severe Disablement Benefit	697
Retirement Pension	4,317
Widow's Payment	317
Widow's Benefit	232
Income Support	13,364
Job Seekers Allowance[1]	7,441
Disability Living Allowance[2]	5,200
Attendance Allowance[2]	2,400
Industrial Injuries Disablement Benefit	503
Disability Working Allowance[3]	32
Family Credit[4]	1,562

Figures are provisional and subject to change.
[1] Figures are from the introduction of the benefit—October 1996 to March 1997.
[2] Figures are estimates based on 5 per cent. data sample of successful claims and are rounded to the nearest hundred. The figures relate to a "snap shot" of customers receiving benefit at 28 February 1997. Details of unsuccessful claims are not available.
[3] Figures are only available as cumulative for successful claims for the period 1992 to date. The figures are for Motherwell and Wishaw benefit offices.
[4] Figures are for Motherwell and Wishaw benefit offices. The figures show the number of families in receipt of Family Credit at 27 March 1997.

Child Support Agency

Mr. Hinchliffe: To ask the Secretary of State for Social Security what guidance is issued to the Child Support Agency in cases where parentage is contested and the courts have not ruled on such a dispute. [5058]

Mr. Keith Bradley: We believe that children are entitled to the support of both parents wherever they live. It is important that the Child Support Agency effectively and efficiently establishes paternity where this is in dispute.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. David Hinchliffe, dated 2 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about Child Support Agency procedures concerning disputed paternity.

The guidance followed by Child Support Officers in cases where paternity is disputed is contained in the Child Support Agency Paternity Guide (which will shortly be available in the Library of the House). Officers are first advised to interview the parent with care; this is necessary to establish certain facts and whether the parent with care is willing to undergo DNA testing to resolve the dispute. Depending on the outcome, an interview with the alleged absent parent is arranged.

If the alleged absent parent continues to dispute paternity, it is then considered whether the case is suitable for court proceedings and whether the alleged absent parent should be offered a DNA test to be arranged through the Agency.

Once the issue of paternity has been satisfactorily resolved, then a maintenance assessment is completed as soon as possible.

I hope this is helpful.

Mr. Hinchliffe: To ask the Secretary of State for Social Security what efficiency targets she has set for the Child Support Agency to respond to inquiries from parents (i) with and (ii) without care and their representatives. [5059]

Mr. Bradley: We expect the Child Support Agency to provide an efficient and effective service to all its clients throughout the child support assessment process. We are looking for substantial and sustained operational improvements from the Agency, in particular on getting more maintenance paid, reducing the backlog and improving customer service.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. David Hinchliffe, dated 2 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about targets for answering enquiries to the Child Support Agency.

The Agency Charter sets out the standards the Agency aims to achieve for answering the telephone, written enquiries and visits to local offices by customers and their representatives. I have listed below the targets and the Agency performance against each standard during 1996/97.

We aim to answer general telephone enquiries (through the Agency's National Enquiry line) within 20 seconds during normal working hours. Performance against this standard was 64%. Case specific enquiries are handled through the Agency's Client Helplines. The Agency has no target which covers this area, but it is clear that this is an area where the service offered by the Agency has not fully met its customers needs.

I am committed to improving this and plans are in place to improve the service. The Agency plans to employ staff to work a wider more flexible range of working patterns over six days a week. This will provide more opportunities for customers to contact the Agency and vice versa, and will enable the Agency to deliver a better standard of customer service through greater use of the telephone. The Agency has also recently initiated an Early Positive Customer Contact project which will increase the use of the telephone by Agency staff at an early stage in our dealings with customers. The aim is that much more of our business will be conducted over the telephone rather than by correspondence, giving customers more opportunity to raise any issues or concerns earlier than at present.

We aim to reply to letters within 10 working days of receiving them. If we cannot send a full reply within 10 days, we aim to send an initial reply within 10 days and confirmation of when we can send the full reply. Performance against this standard was 52 per cent.

We aim to see customers within 10 minutes of their appointment time. Performance against this standard was 100 per cent.

We aim to acknowledge complaints within two working days and aim to send a full reply within ten working days. Performance against this standard was 92 per cent. for acknowledgements and 62 per cent. for full replies.

Whilst some of the results against our Charter Standards are encouraging, I am very conscious that there are still far too many justified complaints about the standards of basic customer contact and the service we provide. Over the next few years, I am committed to bringing high quality levels of performance to every part of our operation as a matter of routine, thereby reducing the number of complaints received and enhancing the public perception of the Agency.

I hope this is helpful.

Citizens Advice Bureau

Mr. Burstow: To ask the Secretary of State for Social Security in what circumstances Benefits Agency staff are required to ask for faxed authority from a citizens advice bureau adviser before discussing a specific client's case; and what plans her Department has to review the procedures to reduce the time required of citizens advice bureau advisers. [5722]

Mr. Field: One of our key aims is to improve the service provided to claimants and other customers as well as to protect the confidentiality of customers. Questions on Benefits Agency operational matters are the responsibility of Peter Mathison, its Chief Executive. I have asked him to write directly to the hon. Member and for his reply to be published with the answer.

Letter from Peter Mathison to Mr. Paul Burstow, dated 2 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question in what circumstances Benefits Agency staff are required to ask for faxed authority from a Citizens' Advice Bureau adviser before discussing a specific client's case; and what plans her Department has to review the procedures to reduce the time required of Citizens' Advice Bureau advisers.

There are no national instructions in place within the Benefits Agency which require staff to request a faxed authority from Citizens' Advice Bureaux advisers before a customer's case can be discussed.

However, the Benefits Agency has a duty to ensure that confidential customer information is not disclosed improperly. In dealing with any enquiry from a customer's representative, Agency staff should confirm that both the enquiry and the person making it are genuine, and that the enquiry is being made on behalf of the customer. However, the method by which this is achieved is subject to local procedures, forming part of local liaison arrangements between the Benefits Agency and other welfare organisations.

I meet the Chief Executive of the National Association of Citizens' Advice Bureaux on a six monthly basis. Local managers are also encouraged to maintain regular liaison with local Citizens Advice Bureaux and the Agency has produced guidance for field staff entitled 'Building Effective Relationships with Citizens Advice Bureaux'. Using their established liaison channels, the Benefits Agency will keep under review the operation of the arrangements for the disclosure of information to Citizens Advice Bureaux.

I hope you find this reply helpful.

Asylum Seekers

Mr. Andrew George: To ask the Secretary of State for Social Security what plans she has to restore social security benefits to destitute asylum seekers; and if she will make a statement. [5466]

Mr. Keith Bradley: We are committed to a wide ranging review of Social Security. With the Home Office, the Department of Health and other Departments we will consider all arrangements for asylum seekers to ensure they are dealt with fairly and promptly.

Under current rules, asylum seekers who make their asylum application immediately on arrival are eligible to claim benefit. In addition following the Home Secretary's declaration on 1 July 1997 of Sierra Leone as a country of upheaval, a Sierra Leonean national who entered the country previously and applies for asylum within three months of the declaration being made is eligible to claim income support, income based jobseeker's allowance, housing benefit and council tax benefit while their asylum application is considered by the Home Office. Zaire was also declared a country of upheaval on 16 May 1996 and Zairean nationals have three months from the date of the declaration to apply for asylum and thereby become eligible to claim benefit.

Written Answers to Questions

Friday 4 July 1997

HOME DEPARTMENT

Young Offenders

Mr. Burnett: To ask the Secretary of State for the Home Department how many *(a)* girls and *(b)* boys aged under 18 years were sentenced to prison custody by each magistrates court and Crown court area in England and Wales by (i) offence and (ii) length of sentence for the last four years for which figures are available; and if he will make a statement. [6330]

Mr. Michael: The information requested is not readily available and could be obtained only at disproportionate cost. However, the tables show in less detail the number of offenders aged 10 to under 18 sentenced to immediate custody for all offences by sex, type of court, type of offence group and length of sentence in England and Wales from 1992 to 1995. Copies of these tables have been placed in the Library.

Offenders of this age are not committed to prison but to young offender institutions or to secure child care establishments.

Mr. Burnett: To ask the Secretary of State for the Home Department how many *(a)* girls and *(b)* boys aged under 18 years have been placed into local authority secure accommodation in England and Wales following sentence or remand into custody by (i) age of the offender and (ii) category of offence for the last four years for which figures are available; and if he will make a statement. [6327]

Ms Joyce Quin: The placement of juveniles in local authority secure accommodation on remand by a court is a matter for individual local authorities. The Department of Health collate statistics on such placements. They are published annually and are available in the Library.

Statistics on the placement of juveniles in local authority secure accommodation following sentence by a court are not recorded centrally on the basis of sex or category of offence and this information could be obtained only at disproportionate cost. A breakdown of such placements by age is given in the following table.

Placement of offenders in local authority secure accommodation

Age	*1992–93*	*1993–94*	*1995–96*	*1996–97*	*April 1997 to June 1997*
10–13 years	0	3	5	16	8
14 years	16	28	60	101	26
15 years	30	47	49	34	6
16 years	32	28	13	15	4
17 years	8	1	0	1	0
Total	86	107	127	167	44

Prisoners (Self-harm)

Mr. Burnett: To ask the Secretary of State for the Home Department if he will list the rate of incidents of self-harm which have occurred in women's prisons and female young offender institutions in England and Wales in each establishment for each year since 1990. [6332]

Ms Joyce Quin: The information is not available in the format requested. The attached table shows the incidents of self-harm which occurred in each prison holding female adult prisoners and young offenders in England and Wales for each financial year since 1990.

Incidents of self-harm 1990-91–1995-96

Prison	*1990–91*	*1991–92*	*1992–93*	*1993–94*	*1994–95*	*1995–96*
Askham Grange	22	25	—	—	—	5
Brockhill	—	—	—	—	—	—
Bullwood Hall	16	31	47	125	126	206
Cookham Wood	4	12	12	21	32	49
Drakehall	3	2	5	8	7	5
Durham	—	1	2	5	19	35
East Sutton Park	2	2	1	—	—	3
Eastwood Park	—	—	—	—	—	61
Holloway	77	69	125	296	386	192
Low Newton	41	26	47	38	31	25
New Hall	118	113	105	157	325	260
Pucklechurch	47	56	74	117	65	—
Risley	47	47	47	26	69	105
Styal	253	217	159	365	156	108
Winchester	—	—	—	—	—	—
Totals	630	601	624	1,158	1,216	1,054
Total female prison population	1,560	1,590	1,510	1,640	1,870	2,010

Note:

The increase in the number of incidents of self-harm between 1992–93 and 1993–94 coincided with the introduction of an improved reporting procedure and mirrors an increase in the overall total for Prison Service establishments as a whole.

Abbas Radiom Case

Sir Richard Body: To ask the Secretary of State for the Home Department what are the implications of the Abbas Radiom case at the European Court of Justice for future rulings by his Department; and if he will make a statement. [6596]

Mr. Mike O'Brien: The implications of this judgment will be taken into account by the High Court when it resumes its consideration of Mr. Radiom's application for judicial review of the decision to exclude him from the United Kingdom.

Mobile Phones (Drivers)

Mr. Chaytor: To ask the Secretary of State for the Home Department what assessment he has made of the adequacy of police powers to take action against drivers using mobile phones whilst driving. [6228]

Mr. Michael: The Government and the Association of Chief Police Officers consider that existing powers in road traffic legislation enable the police to deal properly with enforcement issues arising from the use of mobile phones when driving.

Under regulation 104 of the Road Vehicles (Construction and Use) Regulations 1986, the police can prosecute or issue fixed penalty notices to drivers who do not exercise proper control of their vehicles. Use of a mobile phone when driving can also result in prosecution for the offence of careless and inconsiderate driving or dangerous driving.

The Department of the Environment, Transport and the Regions is considering measures to raise drivers' awareness of the danger associated with using mobile phones.

Prisoners (Deaths)

Mr. Burnett: To ask the Secretary of State for the Home Department if he will make it his policy to publish reports into the deaths of prisoners held in prison custody in England and Wales; and if he will make a statement. [6295]

Ms Joyce Quin: We care currently reviewing our policy on the disclosure of investigation reports.

Metropolitan Police

Mr. Ian Taylor: To ask the Secretary for the Home Department if he will estimate the savings to central Government funds from transferring responsibility for that part of Elmbridge currently in the Metropolitan police area to the Surrey police area. [6222]

Mr. Michael: The Commissioner informs me that in view of the complexity and the number of factors and underlying assumptions which would need to be taken into account, it is not possible to make such an estimate.

EDUCATION AND EMPLOYMENT

Assisted Places Scheme

Mr. Reed: To ask the Secretary of State for Education and Employment how many places, at what schools and at what cost, were provided under the assisted places scheme in Leicestershire in *(a)* 1995–96 and *(b)* 1996–97. [6221]

Mr. Byers: The number of assisted places taken up and the cost of those places for each participating school in Leicestershire in academic years 1995–96 and 1996–97 are given in the following table:

Assisted Places Scheme: Leicestershire

School name		*Academic year 1995–96*	*Academic year 1996–97*
Dixie Grammar School	Number of assisted pupils	0	7
	Cost of places £000s	0	22
Leicester Grammar School	Number of assisted pupils	53	65
	Cost of places £000s	172	225
Leicester High School for Girls[1]	Number of assisted pupils	0	13
	Cost of places £000s	0	43
Loughborough Grammar School	Number of assisted pupils	123	140
	Cost of places £000s	345	390
Loughborough High School	Number of assisted pupils	94	103
	Cost of places £000s	231	269
Oakham School	Number of assisted pupils	33	39
	Cost of places £000s	160	196
Ratcliffe College	Number of assisted pupils	80	80
	Cost of places £000s	362	345

[1] These schools joined the Assisted Places Scheme in September 1996.

Religious Schools

Mr. Vaz: To ask the Secretary of State for Education and Employment how many applications his Department has received from religious schools requesting Government funding in the last 12 months; when he received a request from the Islamia Schools Trust for grant-maintained status; and if he will make a statement. [6582]

Mr. Byers: In the last 12 months, fourteen applications have been received from independent religious schools to enter the maintained sector of education—twelve to become grant-maintained (GM) schools, and two to become voluntary aided (VA). Of these, five GM proposals and one VA proposal have been approved, and one GM proposal has been rejected. The remaining seven proposals are under consideration. The proposal from the Islamia Schools Trust was published on 9 January 1997. We shall be making a decision on this and the other proposals as soon as we can.

SCOTLAND

Skye Bridge

Mr. Charles Kennedy: To ask the Secretary of State for Scotland if he will make a statement on his plans in respect of the Skye Bridge tolls, following his recent meeting with the Highland Council. [6497]

Mr. Dewar *[holding answer 3 July 1997]:* We have looked carefully at the full range of options for making the toll regime for the Skye Bridge fairer. In doing so we have had to take account of the fact that we inherited the contractual commitments which the previous Government had entered into with Skye Bridge Limited. Those commitments guarantee Skye Bridge Limited a specific financial return on the bridge. Therefore any action by the Government in relation to toll levels which leads to a reduction in the revenues which would flow to the company renders the Government liable to compensate the company for that reduction in revenue.

This makes affordability a key issue. Simply buying out the contract is estimated to cost around £30 million. We cannot justify that in the face of the many pressing needs for future expenditure within my public expenditure programme. Spending on education and health, for example, has a higher priority in deciding how to deploy any public expenditure which we can free up by reordering priorities or improving the efficiency of programmes.

The idea of removing tolls completely through 100 per cent. shadow tolls is no less expensive than buying out the contract. Nor in public expenditure terms does it have the effect of spreading the cost over a number of years, as people have tended to assume. The full cost of the project would be a public expenditure charge immediately because of the absence of the transfer of risk to the private sector, which is what justifies the phased public expenditure cost for DBFO roads contracts entered into before construction has begun.

We looked at the option of partial shadow tolling. However, we concluded that this was not the fairest means of alleviating the impact of tolls. We consider that the impact of the tolls is most severe on local people and others who use the bridge most frequently. We can halve the car and motorcycle tolls for frequent users for almost the same cost as would be involved in reducing tolls across the board by only 10 per cent., through partial shadow tolling.

We believe that halving the discounted tolls for cars and motorcycles paid by frequent users would be a very significant benefit. Frequent users make 40 per cent. of all car crossings at present and most of them will be inhabitants of Skye or the surrounding area. This change will produce a toll of £1.25 compared to the current discounted ticket cost of £2.51 and the current cost to casual users of £4.40 in the low season and £5.40 in the high season. At the suggestion of Highland Council, I propose that the number of crossings necessary for car and motorcycle owners to qualify for the discounted toll should be increased from 10 to 20.

Highland Council put to me the case for some reduction in tolls for commercial vehicles. I looked very carefully at several options which they put to me and concluded that, since over 70 per cent. of commercial vehicles take advantage of discounted tolls at present, I should focus any reduction on these tolls as I have done for car users. A reduction of 25 per cent. in discounted tolls for large heavy goods vehicles will reduce the cost of each crossing by £6.32, from £25.27 to £18.95, which should produce very substantial cumulative benefits to the businesses concerned. I hope this will benefit the local economy either through the effect on consumer prices or by helping companies retain or increase employment.

Highland Council also made a case for a reduction in the toll for service buses, and I have decided to reduce the discounted toll for these by 25 per cent. from £15.27 to £11.45. This should enable bus operators to reduce fares and will, I hope, encourage the use of public transport.

I wish to assist the health of the local economy. The changes in tolls which I propose to make are likely to cost me a very substantial amount of money over the life of the contract. That will be matched by savings to bridge users, who will be free to spend that money in other ways. Since the benefits will be concentrated on local people, as a result of the approach which I have chosen, the extra spending power is more likely to flow to the local economy.

My officials are now in discussion with Skye Bridge Ltd. to agree the precise details and the arrangements to ensure that the effect of these changes on the Company's revenue is neutral. The timing of these changes will depend partly on the need to promote a variation to the Toll Order, which will have to be approved by Parliament, and on the need to complete the discussions with the Company. They will, however, be implemented as early as practicable.

NATIONAL HERITAGE

Lottery Bids (Stoke-on-Trent, North)

Ms Walley: To ask the Secretary of State for National Heritage (1) if he will list the successful national lottery bids in Stoke-on-Trent, North, by category of national lottery funding, indicating the percentage they comprise of the total sums awarded nationwide in each category; [6281]

(2) how many applications for each category of national lottery funding have been received from Stoke-on-Trent, North; and how many of these have been *(a)* successful and *(b)* unsuccessful, indicating for each successful scheme the value of the award, in each year since the inception of the national lottery. [6248]

Mr. Banks: To date over £3.7 billion has been awarded to 23,570 projects throughout the UK. Twelve of these awards are to projects in Stoke-on-Trent, North worth £2,938,508. The first table lists these together with the percentage they represent of the total sums awarded across England and the UK. The second table shows the number of applications received from Stoke-on-Trent, North.

Lottery Awards (Conflicts of Interest)

Mr. Mitchell: To ask the Secretary of State for National Heritage what plans he has to introduce restrictions on members of the bodies allocating lottery funds from taking jobs with organisations to which they have been making allocations. [6062]

Mr. Banks: Non-departmental public bodies (NDPBs), including those which allocate Lottery funds, are covered by the guidance on business appointment rules set out in the Treasury/Office of Public Service's "Non-Departmental Public Bodies: A Guide for Departments", a copy of which is in the Library of the House. This requires NDPBs to consider whether they need to adopt rules comparable to those that apply to Crown servants in the light of their functions and of any potential for conflict of interest which might give rise to public concern. My Department has reminded those NDPBs for which it is responsible of this requirement, and asked them to consider whether appropriate clauses might also be inserted into the contract of employees in especially sensitive positions.

Staff of NDPBs generally were reminded of the need to observe the business appointment rules of their organisation in the model "Code of Practice for Staff of Executive Non-Departmental Public Bodies" published by the Office of Public Service in August 1996, a copy of which is also in the Library of the House. My Department's NDPBs have all adopted, or are in the process of adopting, the model Code.

Disabled People (Sports)

Mr. Flynn: To ask the Secretary of State for National Heritage what plans he has to increase sports facilities and opportunities for those with disabilities; and if he will make a statement. [5820]

Mr. Banks *[holding answer 1 July 1997]:* This Government is determined to promote sport for people with disabilities. It is our aim to maximise opportunity for all people, no matter what their ability. There is an enormous amount of untapped talent, which given the right opportunities and encouragement could become our next generation of successful Paralympians.

I am taking a particular interest in disabled sports events. In the last two months, I have opened the World Blind Sailing Championships and the British disabled water skiing facilities at Heron Lake. I have attended disabled rugby at Loughborough University, a coaching session by the London Community Cricket Association for the disabled, fundraising for the Special Olympics organised by Sainsbury's and been to the British retinitis pigmentosa awards. I shall also be opening the Special Olympics in Portsmouth later this month.

We as a nation should take pride in the achievements of our disabled sportspeople. The success of our Paralympic team in Atlanta last year, winning 122 medals in total, 39 of them gold medals, was a considerable achievement and shows what can be done with effort and determination. As I said in the sport for all debate last week, we need more media coverage of these international events.

To ensure we build on this success, the British Academy of Sport and the regional centres of sporting excellence will address the provision for people with disabilities as an integral part of our overall strategy.

Melbourne Sports Stadium, Chelmsford

Mr. Burns: To ask the Secretary of State for National Heritage if an application for Lottery funding for the Melbourne Sports Stadium in Chelmsford has been granted; and if he will make a statement. [6005]

Mr. Banks *[holding answer Tuesday 1 July 1997]:* The English Sports Council is the statutory distributor in England of Lottery funds for good causes in sport. My right hon. Friend the Secretary of State does not have any role in the decision-making process on individual applications. The English Sports Council has, however, advised me that the application referred to is still being processed and no decision has yet been taken.

NESTA Programme

Mr. Alan Campbell: To ask the Secretary of State for National Heritage if he will make a statement about the NESTA programme. [5232]

Mr. Banks *[holding answer Thursday 3 July 1997]:* The Government has announced its intention to establish a National Endowment for Science and the Arts (NESTA) to be funded initially from the National Lottery. NESTA's purpose will be to find innovative ways to support talent and new ideas in science, technology and the arts. Our proposals for NESTA will be set out in a White Paper which my right hon. Friend the Secretary of State will be publishing shortly and which will initiate a wide consultation on the activities which NESTA might undertake.

Seaside Piers

Mr. Mitchell: To ask the Secretary of State for National Heritage which seaside piers have applied for national lottery funding; which have been successful; and what amount has been allocated to each successful applicant. [6289]

Mr. Banks: Twelve applications have so far been made to the Heritage Lottery Fund in respect of funding for seaside piers. Of these, seven have been successful and five are still being considered. It is the Heritage Lottery Fund's policy not to release details of applications for funding before a decision has been made. The successful projects are:

	£
Clevedon Pier	1,195,045
Swanage Pier	700,000
Bo'ness Harbour Pier	250,000
Penarth Pier	1,101,000
Southport Pier	34,000
Brighton West Pier	[1]1,025,500

[1] Brighton West Pier has received two awards of £968,000 and £57,500.

The Millennium Commission has received three applications in respect of funding for piers. Two of these, in respect of Bognor and Minehead piers, are still being considered. A third application by the Hastings Pier Consortium, for a grant of £43.4 million to construct a Millennium Pier, was not selected for detailed appraisal

TREASURY

Minimum Wage

Mr. Norman: To ask the Chancellor of the Exchequer if he will make a statement on his Department's estimates of the impact of different levels of a minimum wage on tax yields. [3709]

Dawn Primarolo: It is not possible to say what the impact of the minimum wage on tax yields will be without knowing the level it will be set at. This is a matter for the Low Pay Commission to advise the Government on, taking into account the wider effect on the economy.

PRIME MINISTER

Officials (Transport Costs)

Mr. Flight: To ask the Prime Minister if he will list the names of those of his officials who accompanied him on his air travel *(a)* to the G7 Economic Summit and *(b)* between Denver and New York. [6286]

The Prime Minister: I was accompanied to *(a)* The Economic Summit in Denver by: my wife; my right hon. Friends the Secretary of State for Foreign and Commonwealth Affairs and the Chancellor of the Exchequer; Sir John Kerr, HM Ambassador, Washington; Alex Allan—Principal Private Secretary; Jonathan Powell—Chief of Staff; John Holmes—Private Secretary; Alastair Campbell—Press Secretary; plus ten No. 10 support staff; 13 officials and support staff from the Foreign and Commonwealth Office; six officials HM Treasury; four members of the Royal Military Police; 17 members of the media; and one US security official.

(b) Between Denver and New York by: my wife; my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs; Sir John Kerr, HM Ambassador, Washington; Alex Allan—Principal Private Secretary; Jonathan Powell—Chief of Staff; John Holmes—Private Secretary; Alastair Campbell—Press Secretary; plus 12 No. 10 support staff; 17 officials and support staff from the Foreign and Commonwealth Office; six members of the Royal Military Police; 17 members of the media; and three US security officials.

This is the usual size of delegation to Summits of this nature.

Monarchy

Mr. Mackinlay: To ask the Prime Minister what communications have been received in the past two years from other Governments under the Statute of Westminster Act 1931 authorising the Parliament of the United Kingdom of Great Britain and Northern Ireland to enact legislation relating to the succession to the throne. [6561]

The Prime Minister *[holding answer 3 July 1997]:* As far as I am aware, none, although I cannot answer for the previous Administration.

Freedom of Information

Mr. Keetch: To ask the Prime Minister if he will publish his Department's submissions relating to freedom of information legislation. [6027]

The Prime Minister *[holding answer 2 July 1997]:* My right hon. Friend the Chancellor of the Duchy of Lancaster is considering how best the advice of government departments on Freedom of Information should be treated in a way which contributes to public debate while at the same time preserving the necessary collective responsibility needed in the preparation of major legislation.

WALES

Drugs

Mr. Leigh: To ask the Secretary of State for Wales if he will list the total amount *(a)* spent and *(b)* allocated by his Department on tackling the problems relating to drugs in respect of (i) improving international co-operation to reduce supplies from abroad, (ii) increasing the effectiveness of police and Customs enforcement, (iii) maintaining effective deterrents and tight domestic controls, (iv) developing prevention publicity, education and community action and (v) improving treatment and rehabilitation; for *(a)* 1994, *(b)* 1995, *(c)* 1996 and *(d)* 1997. [4799]

Mr. Win Griffiths: The information is not available in the form requested. The Welsh office is not responsible for all the activities listed. However the total estimated expenditure by the Department on drug and alcohol misuse initiatives is as follows:

Estimated expenditure (£000's)

	1993–94	*1994–95*	*1995–96*	*1996–97*
Welsh Office	783	460	378	750
Allocation to health authorities	2,600	[1]2,600	—	—

[1] Health Authority allocations for drug and alcohol misuse ceased to be separately identified from 1995–96.

These figures do not include local authority expenditure and figures for Grant for Education Support and Training (GEST) which cannot be separately for identified.

Cardiff Bay Barrage

Mr. Rhodri Morgan: To ask the Secretary of State for Wales what review he has undertaken of the benefits of the Cardiff Bay Barrage. [7315]

Mr. Ron Davies: I have undertaken a thorough review of the Cardiff Bay Barrage project. In the course of this review I have received and considered legal opinion and an analysis of the economic impact of the Barrage. In the light of their advice I have concluded that the Barrage should be completed.

Staff Commission for Wales

Mr. Rhodri Morgan: To ask the Secretary of State for Wales if he will make a statement on the future of the Staff Commission for Wales. [7316]

Mr. Ron Davies: The Staff Commission was established on the 5 July 1994, under section 40 of the Local Government (Wales) Act 1994, for a period of 3 years. It was established to safeguard employees' interests during local government reorganisation.

The Commission will wind up today under the terms of the Local Government (Wales) Act 1994 (paragraph 13 of Sch. 14).

FOREIGN AND COMMONWEALTH AFFAIRS

Parliamentary All-party Groups

Mr. Mackinlay: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list the Parliamentary all-party groups which the Foreign Office assists financially, indicating the amounts. [6298]

Mr. Tony Lloyd *[holding answer 1 July 1997]:* This Department does not assist any Parliamentary all-party groups financially.

Amsterdam Treaty

Mr. Mitchell: To ask the Secretary of State for Foreign and Commonwealth Affairs when he expects the Treaty agreed at Amsterdam on 17 June to be signed by Ministers; what ratification procedures are necessary in each Member State; and what is the planned date of the Treaty taking effect. [6480]

Mr. Doug Henderson: We expect the Treaty agreed at the Amsterdam European Council to be signed in October of this year. We expect other Member States to ratify the Treaty in accordance with their respective constitutional procedures. In Denmark the ratification process will include a national referendum. The Treaty will enter into force once it has been ratified by each of the Member States.

Qualified Majority Voting

Mr. Mitchell: To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his answers of 16 June, *Official Report*, columns *14–16*, which of the proposals *(a)* for extension of qualified majority voting in the Council of Ministers and *(b)* for powers of co-decision with the European Parliament were agreed by the Heads of Government meeting in Amsterdam on 16 to 17 June. [6549]

Mr. Doug Henderson: I refer the hon. Member to the answer I gave on 23 June at columns 346–47 to the hon. Member for Daventry (Mr. Boswell) and the answer I gave on 30 June at column *38* to the right hon. Member for Tonbridge and Malling (Sir J. Stanley).

Libya

Mr. Dalyell: To ask the Secretary of State for Foreign and Commonwealth Affairs what is his response to the motion by the 33rd Conference of the heads of the member states of the Organisation of African Unity calling for the lifting of sanctions against the Libyan people. [6087]

Mr. Tony Lloyd *[holding answer 3 July 1997]:* It remains the view of the government that since this crime was committed over Scotland, Scottish jurisdiction is entirely appropriate to deal with it. The quickest way to expedite matters would be for the Lockerbie accused to be handed over to the Scottish jurisdiction.

INTERNATIONAL DEVELOPMENT

Tariff and Non-tariff Barriers

Mr. Goodlad: To ask the Secretary of State for International Development what representations she has received about the reduction of tariff and non-tariff barriers in developing countries. [6373]

Clare Short: Developing countries consistently stress the importance they attach to improved access to EU markets. We are committed to the further opening of markets and we are pressing for improved access both within the EU and in the WTO and other appropriate international fora.

Cash Transfers

Mr. Goodlad: To ask the Secretary of State for International Development what percentage of GNP was transferred to developing countries from the United Kingdom in respect of *(a)* public and *(b)* private money in (i) 1992 and (ii) 1996. [6366]

Clare Short: The following table shows details of the percentage of GNP (to nearest 2 decimal places) disbursed as public and private flows to developing countries in 1992 and 1995 (the latest year for which full data are available). The provisional estimate for official development assistance in 1996 is £2,041 million representing 0.27 per cent. of GNP. It should be noted that according to the World Bank, 140 out of 166 developing countries receive a mere 5 per cent. of global private flows.

	1992		*1995*	
	£ Million	*Percentage of GNP*	*£ Million*	*Percentage of GNP*
Public flows	2,010	0.33	2,135	0.30
official development assistance	1,841	0.31	2,000	0.28
other official flows	169	0.03	135	0.02
Private flows	3,443	0.57	5,968	0.84
on market terms	3,100	0.52	5,661	0.80
voluntary grants	343	0.06	307	0.04
Total resource flows	5,453	0.91	8,103	1.14
GNP	601,414	100	709,698	100

AGRICULTURE, FISHERIES AND FOOD

Cull Cow Compensation

Mr. Hogg: To ask the Minister of Agriculture, Fisheries and Food what estimate he has made of the reduction in farmers' incomes that will result from the most recently announced reduction in the cull cow compensation rate. [6687]

Mr. Rooker: The reduction in farmers' income from compensation resulting from the reduction in the compensation rate for cull cows slaughtered under the Over-Thirty Months Scheme (OTMS) will depend on the number of animals coming forward for slaughter at the end of their productive lives and the weight of such

animals. However, for an average dairy farmer culling out 10 cows per year, the reduction in income is likely to be of the order of £375.

Mr. Hogg: To ask the Minister of Agriculture, Fisheries and Food what consultations he had with representatives of the farming industry before his recent announcement of a reduction in the cull cow compensation rate. [6688]

Mr. Rooker: My colleagues and I have had several meetings with representatives of the farming industry since 1 May. While there was no specific consultation on the cut in the compensation rate for cull cows before the announcement, my colleagues and I are fully aware of beef farmers' concerns over the state of the industry, and their views on the Over-Thirty Months Scheme in particular.

Food Labelling

Mr. Tony Colman: To ask the Minister of Agriculture, Fisheries and Food what steps he is taking to ensure that labelling of nutritional information on food packaging by supermarkets is accurate. [6421]

Mr. Rooker: I refer my hon. Friend to the reply given to my hon Friend the Member for Cleethorpes (Shona McIsaac) on 16 June, *Official Report*, column 69.

TRADE AND INDUSTRY

Royal Observatories

Ms Hodge: To ask the President of the Board of Trade if she will make a statement about the future of the Royal Observatories. [7314]

Mr. Battle: The Particle Physics and Astronomy Research Council (PPARC) has decided to concentrate the work it funds at the Royal Greenwich Observatory (RGO), which is based at Cambridge, and the Royal Observatory Edinburgh (ROE) in a new UK Astronomy Technology Centre (UKATC) at Edinburgh. This new name will better reflect the fact that the Royal Observatories are now really observatories in name only. Their main function is to provide technological support for the telescopes operated by PPARC on behalf of British astronomers.

A substantial amount of money will be freed up as a result of this decision amounting to £2.4 million per annum over the next four years and at least £4 million per annum thereafter. This sum, which is equivalent to approximately 20 per cent. of the budget for astronomy grants, will be re-invested in basic science. It will fund grants to astronomers doing exciting new science in our universities. In addition, I am confident the new UKATC will benefit greatly from the increased efficiency and better co-operation between scientists which will result from combining the RGO and ROE programmes.

This decision will allow PPARC to reorganise the Royal Observatories in the way which best meets their scientific requirements. I believe that, as the responsible Research Council, they should have the freedom to manage their research facilities efficiently and effectively. PPARC will develop this in consultation with the unions and other interested parties. Under the previous administration, PPARC was bound to implement the conclusions of the 1995 Prior Options Review of the Royal Observatories that the management of the United Kingdom telescopes and the delivery of the instrumentation programme currently provided by the Royal Observatories should be subject to competitive tendering. PPARC have reviewed the situation in the light of developments since then and have advised me to release them from this obligation. I have decided to follow this advice in line with our long-standing opposition to dogmatic privatisation.

The concentration at Edinburgh will take place over some years. The RGO is an historic institution with a great tradition that has already survived two changes of location. I am asking PPARC to explore every possible avenue for keeping the institution alive. Nevertheless, this decision will lead to some job losses. Therefore I have asked PPARC to make every effort to help anyone who loses their job to find alternative employment.

I have laid a copy of the report on which PPARC's advice was based and a copy of my letter to the Chairman of PPARC in the Library of the House.

Task Forces

Mr. Letwin: To ask the President of the Board of Trade if she will list the task forces established by her Department or in co-operation with her Department, together with their responsibilities and compositions. [5996]

Mrs. Beckett *[holding answer 30 June 1997]:* The following task forces have been established by the DTI since 1 May:

Interdepartmental Task Force on Competitiveness in Europe

Responsibilities: To advise on the implementation of the Government's manifesto objectives to complete the Single Market and promote flexible labour markets across the EU.

Composition: Chaired by Lord Simon of Highbury (Minister for Trade and Competitiveness in Europe), and including Ministers and officials from the Department of Trade and Industry, HM Treasury, the Foreign and Commonwealth Office, the Department for Education and Employment, the Ministry of Defence, the Ministry of Agriculture, Fisheries and Food, the Department of the Environment, Transport and the Regions, the Scottish Office, the Home Office and the Department of Social Security.

Low Pay Commission

Responsibilities: To examine the options for the nature and level of a national minimum wage.

Composition: Chaired by Professor George Bain. Other members to be decided.

Export Forum

Responsibilities: To review the effectiveness of current official export promotion programmes and to make recommendations.

Composition: Chaired by Director General Export Promotion, DTI, with representatives from the Foreign and Commonwealth Office, HM Treasury, Departments of Health, Environment, Transport and the Regions, and National Heritage, the Ministry of Agriculture, Fisheries and Food, the Export Credits Guarantee Department, the British Council, the British Overseas Trade Board, the Confederation of British Industry, the Trades Union Congress, the DTI Overseas Projects Board, British Chambers of Commerce, British Invisibles, the Chemical Industries Association, Business Links and three small exporting companies.

In addition to participating in task forces, the Department uses a variety of methods for developing its policies and for cooperating with other government department.

Arms Sales (Saudi Arabia)

Mr. Gordon Prentice: To ask the President of the Board of Trade how many swords have been exported to Saudi Arabia since 1992. [5504]

Mrs. Roche *[holding answer 26 June 1997]:* The information requested is not available because the system of classification used to record trade does not separately identify swords.

Nuclear Power

Mr. Matthew Taylor: To ask the President of the Board of Trade what reports her Department has received from British Energy on the immobilisation strategy for separated plutonium. [6408]

Mr. Battle: None. This is a commercial matter for British Energy—subject to complying with the relevant regulatory safeguards.

Mr. Taylor: To ask the President of the Board of Trade what proportion of the payments covered by the contract between BNFL and British Energy announced on 4 June relates to *(a)* spent fuel charges and *(b)* fuel fabrication charges. [6406]

Mr. Battle: Details of the contracts between BNFL and British Energy are commercially confidential and are a matter for the companies involved.

Mr. Taylor: To ask the President of the Board of Trade what proportion of the spent fuel covered by the contract between BNFL and British Energy announced on 4 July will be *(a)* stored, *(b)* wet stored and *(c)* reprocessed. [6405]

Mr. Battle: Details of the contracts between BNFL and British Energy, which was announced on 4 June, are commercially confidential. I understand, however, that initially an estimated 800 tonnes will be reprocessed. How the remaining spent fuel will be dealt with is a matter for the companies involved although it will include a mixture of reprocessing and storage.

Mr. Taylor: To ask the President of the Board of Trade what plans BNFL has notified to her Department relating to the use of plutonium not produced at Sellafield in the proposed Sellafield MOX plant. [6404]

Mr. Battle: The Sellafield MOX plant is designed to produce Mixed Oxide (MOX) fuel for BNFL's customers from the recycled plutonium and uranium separated during reprocessing. In the main, it is envisaged that the Sellafield MOX Plant will utilise plutonium arising from reprocessing of spent fuels at THORP which belong to overseas customers. The Sellafield MOX plant has the capability to blend uranium and plutonium which has been separated at other reprocessing plants. I understand, however, that there are no current plans to utilise this capability.

Mr. Taylor: To ask the President of the Board of Trade what is the estimated annual cost of storing *(a)* a cubic metre of vitrified high-level waste and *(b)* a container of vitrified high-level waste in the vitrified product store at BNFL's Sellafield site. [6412]

Mr. Battle: Once spent fuel has been reprocessed and the reusable uranium and plutonium extracted the small proportion of high level waste can be vitrified. The cost and subsequent charge to customers for storing vitrified waste is a commercial matter between BNFL and its customers.

Mr. Taylor: To ask the President of the Board of Trade what cash resources are held by BNFL to meet its share of the nuclear liabilities arising at its sites. [6411]

Mr. Battle: Details of the funding currently held by BNFL to meet its nuclear liabilities are published in the company's Annual Report and Accounts. The last available figures from the 1995–96 report are given as £1.12 billion. The difference between this and the discounted figure of £1.58 billion, given in the report, will be provided over remaining plant lives. Full details are provided in the Company's Annual Report and Accounts, copies of which are available in the Library of the House.

Mr. Taylor: To ask the President of the Board of Trade if BNFL makes cash payments into a segregated fund for the purpose of meeting its share of the nuclear liabilities arising at its sites. [6410]

Mr. Battle: BNFL, which is a publically owned company, does not make payments into a segregated fund for its nuclear liabilities. The company is, however, required to ensure that the resources called for will be available. Investment and management of these funds is carried out by BNFL in accordance with Treasury guidelines. Details of, and information relating to, provisions for total liabilities for which BNFL is liable are published in the Company's Annual Report and Accounts, copies of which are available in the Library of the House.

Mr. Taylor: To ask the President of the Board of Trade if he will make a statement on the funding arrangements established by BNFL to enable it to meet its share of the nuclear liabilities arising at its sites. [6409]

Mr. Battle: BNFL is required to make full and adequate provision for its liabilities. The Company undertakes an annual review of its waste management and decommissioning liabilities and then ensures that, in the light of this, it makes proper provision for the resources estimated. BNFL's published accounts for 1995–96 indicate the BNFL's share of the costs of nuclear liabilities was £2.6 billion (undiscounted) or £1.6 billion (discounted), of which £1.1 billion has been provided for to date in the Company's accounts.

The provisions are expressed at current price levels and are based on the latest technical assessments of the processes and methods likely to be used in the future. They represent estimates derived from a combination of the latest technical knowledge available, existing legislation and regulations and commercial agreements.

Full details of future liabilities for which BNFL are liable and the basis of providing for them, are contained in the Company's Annual Report and Accounts, copies of which are available in the Library of the House.

Post (Thefts)

Dr. Vis: To ask the President of the Board of Trade if he will list the figures for theft of post entrusted to the Royal Mail in each of the last five years; what steps are being taken to prevent such theft; how many prosecutions there have been in each year; and if he will list the figures for the Finchley and Golders Green constituency. [6293]

Mr. Ian McCartney: I understand from the Post Office that Royal Mail handles in excess of 17.5 billion items of mail each year of which only a tiny fraction is claimed not to have been delivered. That tiny fraction includes mail which has been delivered but subsequently stolen, mail which has been delivered but fraudulently claimed not to have been, misdelivered mail and incorrectly addressed mail delivered as addressed.

Theft of mail is a criminal offence which Royal Mail takes very seriously. For security reasons, it would not be appropriate to disclose the active measures which Royal Mail undertakes, and continually reviews, in order to prevent the theft of mail.

Figures for the number of mail items stolen and the number of prosecutions is a commercial matter for Royal Mail. This is not information which other mail companies would disclose.

LORD CHANCELLOR'S DEPARTMENT

Middleton Review

Mr. Burnett: To ask the Parliamentary Secretary, Lord Chancellor's Department on what date he expects to receive Sir Peter Middleton's review of civil justice and legal aid reforms; and if he will make a statement. [5971]

Mr. Hoon: The Lord Chancellor has asked Sir Peter Middleton to produce a preliminary report by the end of September.

House Purchase

Mr. Todd: To ask the Parliamentary Secretary, Lord Chancellor's Department what steps he plans to take to improve the protection of purchases and sellers of homes in England and Wales from *(a)* gazumping and *(b)* late withdrawals before contract. [6070]

Mr. Hoon: Work will shortly be under way across a number of Government Departments co-operating together which will look closely at the problem of gazumping and will lead to detailed proposals which will be in the interests of everyone involved in the sale and purchase of homes.

DEFENCE

Defence Clothing and Textiles Agency

Mr. Key: To ask the Secretary of State for Defence if the Strategic Defence Review will include the science and technology division of the Defence Clothing and Textiles Agency. [6842]

Dr. Reid: I refer the hon. Member to the answer I gave to the hon. Member for Colchester (Mr. Russell) on 24 June 1997, *Official Report*, columns *422–23*.

Asbestos

Mr. Dismore: To ask the Secretary of State for Defence (1) what has been the *(a)* highest, *(b)* lowest and *(c)* average award of compensation before repayment of any DSS benefits to the Compensation Recovery Unit in respect of asbestos-related claims by MOD (i) civilian and (ii) former civilian staff in the last five years for (1) pleural plaques, (2) diffuse pleural thickening, (3) asbestosis, (4) mesothelioma and (5) lung cancer; [6492]

(2) how many claims by MOD civilian or former civilian staff are outstanding in relation to illnesses resulting from alleged exposure to asbestos during their service with *(a)* the Royal Navy, *(b)* the Royal Air Force and *(c)* and Army; [6489]

(3) how many claims made in the last 15 years in respect of MOD civilian *(a)* staff and *(b)* former staff have resulted in financial compensation for (i) pleural plaques, (ii) diffuse pleural thickening, (iii) asbestosis, (iv) mesothelioma and (v) lung cancer attributable to exposure to asbestos during their service with (1) the Royal Navy, (2) the Royal Air Force and (3) the Army. [6487]

Dr. Reid: My Department's computer records do not show the particular asbestos-related disease or diseases that claimants have allegedly contracted, or whether a civilian or former civilian member of staff claiming compensation was ever in the Armed Forces, or if employed in support of the Armed Forces, with which Service. The claimants' employment status at the time the claim was submitted and at the time settled is not readily available. Information on employment history and status could only be provided in respect of the more recent claimants and then only at disproportionate cost. Documentation on claims from civilian and former civilian employees is routinely destroyed three years after the claims has been settled.

Computer based information in respect of the number of claims received from civilian or former civilian staff only goes back to 1 April 1985. In the period 1 April 1985 to 30 April 1997, my Department received 2,286 claims for compensation for asbestos-related disease alleged to have been caused by asbestos exposure while the claimants were employed as MOD civilians. Of these claims, 1,797 have resulted in the payment of compensation. On 30 April 1997, 303 claims were outstanding.

In the five years since 1 May 1992, the highest amount paid in compensation before repayment of DSS benefits, in respect of a single claim to a civilian or former civilian MOD employee was £298,500; the lowest was £110; and the average is £20,344.

Defence Spending

Mr. Hancock: To ask the Secretary of State for Defence if it is his policy to follow the previous Government's defence spending plans for the year 1999–00. [6355]

Dr. Reid: The Government has said that it is committed to living within the spending plans of the previous administration for the first two years. No decisions have been taken for 1999–00.

Mr. Key: To ask the Secretary of State for Defence if he will estimate the annual saving to public funds of bringing the United Kingdom's defence spending as a percentage of gross domestic product into line with the average of European countries which are members of NATO. [6838]

Dr. Reid: To bring the percentage of gross domestic product accounted for by defence spending to the level of the average for the European members of NATO would require a reduction of around £5 billion a year in the UK defence budget.

Campaign for Nuclear Disarmament

Mr. Collins: To ask the Secretary of State for Defence what meetings he has had with representatives of the Campaign for Nuclear Disarmament. [6423]

Dr. Reid: Mr. Dave Knight, Chair of CND, attended a Seminar on the policy baseline for the Strategic Defence Review in the Foreign and Commonwealth Office on 3 July at which both my right hon. Friends the Secretary of State for Defence and the Secretary of State for Foreign and Commonwealth Affairs were present.

Regimental System

Mr. Key: To ask the Secretary of State for Defence if he will consider changes to the regimental system as part of the Strategic Defence Review. [6839]

Dr. Reid: The Strategic Defence Review will examine how the Army should be structured to meet our nation's interests and commitments, taking full account of the recognized strengths of the Regimental System. It would, however, be premature to speculate whether the review will alter any aspect of the system.

Bastille Day Parade

Mr. MacShane: To ask the Secretary of State for Defence which units of Her Majesty's armed forces will take part in the Bastille Day parade in France on 14 July. [6780]

Dr. Reid: My Department is not aware of any units of Her Majesty's Armed Forces taking part in the Bastille Day parade in France on 14 July.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Buses (Transponders)

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions what requirements exist for bus operators running buses in central London to carry *(a)* transponders, *(b)* transponders compatible with those of other bus companies in central London and *(c)* transponders that can be used in conjunction with electronic time of arrival systems at bus stops. [6431]

Ms Glenda Jackson: This is an operational matter for London Transport Buses. I understand that 21 per cent. of bus services in London are now covered by automatic vehicle location (AVL) systems, almost all of which can be linked to the Countdown electronic passenger information system at bus stops. By the end of 1999 almost all of London's buses should have AVL. In addition, 65 per cent. of buses already carry separate transponders to operate systems to provide priority at some 300 traffic signals, principally in outer London.

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the Government's policy in respect of traffic signals to be activated by transponders in buses. [6432]

Ms Jackson: We encourage local highway authorities, in conjunction with bus operators, to look for ways of giving priority to buses in traffic. This is an important way in which buses can be made a more attractive choice of travel. The use of transponders to give priority to buses at traffic signals is one means of doing this.

Northern Line

Mr. Dismore: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement concerning the progress of the proposed PFI scheme between London Underground and Seeboard Powerlink/BICC for improvements to the Northern Line power system. [6488]

Ms Glenda Jackson: Negotiations between London Underground and the Powerlink consortium are still taking place. London Underground are optimistic that a deal will be concluded. If it goes ahead, the "Power" PFI project will include a substantial upgrade of the Northern Line's power system by the contractor, as well as improvements to meet the rest of the network's power needs.

National Bus Company Pension Fund

Mr. Bob Russell: To ask the Secretary of State for the Environment, Transport and the Regions how much money was received by the Government in 1986 from the National Bus Company Pension Fund; and what estimate he has made of the current value of such a sum appropriately invested. [6808]

Ms Glenda Jackson: A total of £121.8 million was paid to the Department of Transport in 1990 (not 1986) on the winding up of the two National Bus Company pension funds. An estimate of what that sum might now be worth had it been available for investment would depend entirely on the assumptions used.

National Road Traffic Forecasts

Ms Walley: To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to review the NRTF means of appraisal for traffic generation. [6873]

Ms Glenda Jackson: My Department's advice on traffic generation is contained in Volume 12 of the Design Manual for Roads and Bridges, Section 2, Part 2, Guidance on Induced Traffic. This was revised in February 1997, following experience with the advice issued in December 1994 which implemented

recommendations made by the Standing Advisory Committee on Trunk Road Assessment. There are no proposals for further revisions at present. The National Road Traffic Forecasts are a forecast of traffic growth, not a means of appraisal.

M25 Widening

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions what are the projected increases of emissions of *(a)* carbon monoxide, *(b)* nitrogen oxide and *(c)* PM10 particles consequent on the proposed widening of the M25 between junctions 12 to 15; and if he will make a statement. [6339]

Ms Glenda Jackson *[holding answer 1 July 1997]:* Taking 1991 as the base year and 2010 as the forecast year, morning peak hour carbon monoxide emissions from vehicles on the M25 are predicted to decrease by approximately 72 per cent. with the widening scheme compared to 70 per cent. without the scheme. Emissions of oxides of nitrogen are predicted to decrease by approximately 84 per cent. compared to 72 per cent. without the scheme. PM10 concentrations are predicted to decrease by 38 per cent. compared to 51 per cent. without the scheme.

Buses (Standing Passengers)

Mr. Pike: To ask the Secretary of State for the Environment, Transport and the Regions if he will prohibit buses travelling on motorways from carrying standing passengers; and if he will make a statement. [6349]

Ms Glenda Jackson: Clearly, the risk of injury to passengers in an accident is minimised if they are seated and wearing seatbelts. In the light of this we will be looking at whether the current rules for standing passengers in buses on motorways need further consideration.

HEALTH

NHS Appointments (Non-attenders)

Mr. Levitt: To ask the Secretary of State for Health what measures are being taken to reduce the number of patients who fail to attend NHS appointments. [4901]

Mr. Milburn: The Department of Health has supported a series of regional seminars to raise awareness of the issues in the National Health Service about patients who do not attend (DNA) their out-patient appointments and to share good practice. We will also be publishing shortly DNA figures for individual trusts in the 1996–97 NHS Performance Tables.

Conductive Education

Mr. Pike: To aks the Secretary of State for Health what research his Department has *(a)* commissioned and *(b)* evaluated into the benefits of conductive education; and if he will make a statement. [6350]

Mr. Boateng: The Department of Health has not commissioned research into conductive education. The Department for Education and Employment commissioned research by the University of Birmingham, published in 1993, to evaluate the effectiveness of conductive education provided at the National Institute of Conductive Education. This found no evidence that children receiving conductive education progressed better than comparable children at maintained special schools.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Health if he will publish his Department's submissions relating to freedom of information legislation. [6032]

Ms Jowell *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to him by my right hon. Friend the Prime Minister today.

Written Answers to Questions

Monday 7 July 1997

HEALTH

Information Technology

Mr. Todd: To ask the Secretary of State for Health what plans he has for (i) increasing the use of information technology in communications and information management in the health service and (ii) achieving better value for money and functional effectiveness in these investments. [6069]

Mr. Milburn: The role of information technology in the National Health Service is currently under consideration.

HIV Tests

Dr. Harris: To ask the Secretary of State for Health in what circumstances HIV tests may be carried out on health professionals without their explicit and informed consent. [6593]

Mr. Milburn: HIV tests should not be carried out on health professionals without their explicit and informed consent. In very rare and exceptional circumstances where there is a serious public health risk, a magistrate may, on the application of the local authority supported by a certificate from the local authority's medical adviser, order that a person believed to have suffered or to be suffering from a specified disease, including AIDS, or carrying an organism capable of causing the disease, be medically examined and tested.

Private Finance Initiative

Mr. Campbell-Savours: To ask the Secretary of State for Health what *(a)* annual and *(b)* other disclosure he proposes in respect of profits made by consortiums involved in NHS PFI schemes. [6554]

Mr. Milburn: The private sector companies which comprise a consortium involved in a Private Finance Initiative project with a National Health Service trust usually establish a new corporate entity known as a "special purpose vehicle". This is a limited company whose sole purpose and activity will be to sign the contract and take on the responsibilities under that contract. As a limited company it must observe the provisions of the Companies Acts and publish annual accounts; these must be lodged with the Registrar of Companies where they are available for public inspection.

Mr. Campbell-Savours: To ask the Secretary of State for Health if consortiums involved in NHS PFI schemes for NHS trusts are restricted in their ability to market or promote private health insurance. [6552]

Mr. Milburn: There is no specific national policy in place which restricts consortia involved in private finance initiative projects with National Health Service trusts from marketing or promoting private health insurance. However, all NHS trusts must ensure that the interests of NHS patients remain paramount and that the public service values of accountability, probity and openness underpin all decisions they take, as set out in the guidance documents "Code of Conduct and Accountability" (1994) and "Standards of business conduct for NHS staff" (1993). Particular emphasis is placed based on identifying and avoiding possible conflicts of interest and inducements.

Individual NHS trusts are required to draw up a local code of conduct and accountability which must be based on the national guidelines and take into account local circumstances.

Junior Doctors' Hours

Dr. Harris: To ask the Secretary of State for Health what resources the Government are providing to implement the recent agreement on junior doctors' hours. [6592]

Mr. Milburn: In 1997–98 £1.6 million central funding has been provided to support local medical workforce advisory groups and New Deal task forces, who will work together to reduce junior doctors' hours.

Higher Specialist Training

Dr. Harris: To ask the Secretary of State for Health if the Government intends to make funding the implementation of the Calman report on higher specialist training a priority for purchasing authorities. [6595]

Mr. Milburn: Implementation of the reforms of higher specialist training was agreed by the previous Government in December 1993 on the basis that it would be managed at a pace and in a manner which minimised additional costs and enabled these to be absorbed. Continuing the phased implementation of the specialist registrar grade is a specific objective for health authorities and National Health Service trusts in the Priorities and Planning Guidance for the NHS: 1997–98.

NHS Financial Review

Mr. Maples: To ask the Secretary of State for Health (1) what are the terms of reference of the fundamental review of NHS spending; [6542]

(2) which *(a)* ministers and *(b)* officials of his Department sit on the fundamental review of NHS spending panel; [6544]

(3) what is the role of the Treasury in the fundamental review of NHS funding; [6543]

(4) what is the timetable for reporting the conclusions of the fundamental review of NHS spending. [6483]

Mr. Milburn: My right hon. Friend the Chief Secretary to the Treasury, in his statement to the House on 11 June, column 1143, said that terms of reference for Departmental reviews would be published shortly; that the review would take 12 months to complete, and its conclusions would inform a new set of public spending plans for the rest of this Parliament. My right hon. Friend the Secretary of State for Health, said to the House on 25 June, column 916, that the review would involve Health Department officials, National Health Service staff

and people from outside both services, and that Ministers would be involved at all stages. Treasury officials are also involved in the review.

Mr. Tony Colman: To ask the Secretary of State for Health what plans he has to review the health authority funding arrangements. [6419]

Mr. Milburn: An announcement will be made in due course.

Prescription Fraud

Ms Kelly: To ask the Secretary of State for Health (1) what estimate he has made of the annual cost of prescription fraud in Bolton, West; [6473]

(2) what measures Bolton NHS Trust has taken to tackle prescription fraud; [6472]

(3) what estimate he has made of the savings which will be made in Bolton West due to the proposed measures to tackle prescription fraud. [6471]

Mr. Milburn: The report of the Efficiency Scrutiny into Prescription Fraud, which was published last month, estimated levels of prescription fraud in England and Wales as £85 million to £115 million per year. It is estimated that the loss of revenue from patient charge evasion in Bolton Family Health Services Authorities in 1995–96 was approximately £0.1 million. We are not able to estimate the level of other forms of prescription fraud for the period.

While we are in the process of implementing a number of measures aimed at reducing the level of prescription fraud as well as improving its detection, it is impossible to estimate the amount of savings that will result in particular health authorities.

Guidance on the secure handling of prescriptions has been issued to all hospitals. We do not hold centrally information on the measures being taken by Bolton National Health Service Trust to tackle prescription fraud, but my hon. Friend may wish to contact the chairman of the Bolton Hospitals NHS Trust, Mrs. Peacock, Royal Bolton Hospital, Minerva Road, Farnworth, Bolton BL4 OJR.

Vitamins and Dietary Supplements

Mrs. Ballard: To ask the Secretary of State for Health if he will make a statement on prescription policy, with special reference to the continuing availability of vitamin and dietary supplements on prescription. [6418]

Mr. Milburn: Any vitamins and dietary supplements which are licensed as medicines under the Medicines for Human Use (Marketing Authorisations Etc) Regulations 1994 and the Medicines Act 1968 may be prescribed on the National Health Service by general medical practitioners unless they are listed in schedule 10 to the National Health Service (General Medical Services) Regulations 1992. Unlicensed vitamins and dietary supplements, unless they are listed in this same schedule, may also be prescribed on the NHS by general practitioners but such prescriptions may be subject to challenge by health authorities who may, subject to an appeals mechanism, require the practitioner to pay for them.

Medical Students

Dr. Harris: To ask the Secretary of State for Health how the Government plans to implement the medical work force standing advisory committee recommendation on increasing medical student numbers. [6591]

Mr. Milburn: The Medical Workforce Standing Advisory Committee's second report (June 1995) recommended an increase in medical student intake to 4,970 by the year 2000. This is currently being implemented by the Higher Education Funding Councils ahead of schedule and within existing undergraduate medical schools. Figures are provided in the table.

Table 3. Entrants to United Kingdom medical schools

	1991	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*
Target	4,119	4,119	4,119	4,470	4,470	4,736	4,834
Actual	4,320	4,449	4,531	4,778	4,699	4,820	n/a

Source:
Higher Education Funding Council for England (HEFCE).

Wheelchairs

Mr. Jack: To ask the Secretary of State for Health if he will make a statement on the actions he proposes to take to ensure that guidance issued to health trusts on the allocations of power-assisted wheelchairs to severely disabled children is properly implemented. [6737]

Mr. Boateng: The Health Service Guidance about powered indoor/outdoor wheelchairs, which was issued in May 1996, states clearly that the National Health Service should provide powered chairs for severely disabled people, including children, who could benefit from them. It is the duty of the health authority to assess local needs and determine local eligibility criteria for the supply of powered indoor/outdoor wheelchairs, within the broad national framework set out by the NHS Executive. One of the criteria is that the disabled person should be able to handle the chair safely. It is therefore a matter of local decision whether individual disabled children are deemed to be capable of handling a powered chair safely. Health authorities are not allowed to refuse to supply a powered wheelchair solely on age grounds.

NHS Doctors

Mr. Jack: To ask the Secretary of State for Health how many doctors were in the service of the NHS in 1996; and how many he estimates the service will require in each of the next five years. [6745]

Mr. Milburn: The statistics from the Department of Health Census of Hospital Medical and Dental Workforce of 30 September 1996 should be published at the end of July. The number of doctors working in general medical services on 1 October 1996 are given in the table.

	Number
Unrestricted principals	26,855
Restricted principals	115
Assistants	662
Trainees	1,305
All practitioners	28,937

Since February 1995, the Specialist Workforce Advisory Group (SWAG) has been advising Ministers on the numbers of higher specialist trainees needed in each hospital speciality in England and Wales. This is in order to ensure sufficient suitably trained doctors for consultant posts over the following five years. Because the factors affecting requirements are complex, SWAG reviews each specialty annually. At present, it does not review trainees in general practice, but there are proposals to do so.

SWAG recommended an additional 1,500 higher specialist trainees for 1996–97. For 1997–98, SWAG's recommended increases were within a range of 250 to 850.

NHS Trusts and Health Authorities

Mr. Coaker: To ask the Secretary of State for Health if he will name each member of each NHS trust and health authority in Nottinghamshire; when they were appointed; and when their appointment terminates. [6794]

Mr. Milburn: The information requested is as follows:

	Appointed from	*Appointed to*
Bassetlaw Hospital and Community Services NHS Trust		
Mrs. Valerie Dickinson (Chairman)	1 December 1993	30 November 1997
Mr. Richard Hassett	1 December 1993	30 November 1997
Mrs. Linda Turner	1 December 1995	30 November 1999
Mrs. Jennifer Lee	1 December 1993	30 November 1997
Mr. Peter Reynard	1 December 1995	30 November 1999
Mr. Robert Goslin	23 December 1996	30 November 2000
Central Nottinghamshire Healthcare NHS Trust		
Mr. George Vere-Laurie (Chairman)	1 November 1996	31 October 1998
Mrs. Elizabeth Hanson	1 November 1996	31 October 1999
Mr. Stephen Brown	1 November 1994	31 October 1998
Mr. Martin Everitt	1 November 1994	31 October 1998
Ms Ann Vinter	1 November 1994	31 October 1998
Mr. David Hunt	1 November 1996	31 October 1999
King's Mill Centre for Health Care Services NHS Trust		
Mr. Derrick Venn (Chairman)	1 November 1995	31 October 1997
Mr. Derrick Willingham	1 November 1995	31 October 1998
Mrs. Frances Stein	1 November 1995	31 October 1999
Mr. Brian Meakin	1 November 1995	31 October 1999
Mrs. Angela Donen	1 November 1995	31 October 1998
Mr. Michael Cannon	1 November 1995	31 October 1997
Nottingham City Hospital NHS Trust		
Mr. Norman Deakin (Chairman)	1 December 1993	30 November 1997
Mr. Reginald Ilingworth	1 December 1993	30 November 1997
Mr. Angus Walker	1 December 1993	30 November 1997
Miss Sharon Turner	1 December 1995	30 November 1997
Mr. Graham Martin	1 December 1995	30 November 1999
Professor Ian Johnson	1 December 1993	30 November 1997
Nottingham Community Health NHS Trust		
Mr. Ian Maclean (Chairman)	1 December 1993	30 November 1997
Mr. A. Ripley	1 December 1993	30 November 1997
Mrs. J. Sterck	1 December 1993	30 November 1997
Mr. Brian Cooke	1 December 1993	30 November 1997
Mr. Vivian Oliver	1 December 1995	30 November 1999
Professor Clair Chilvers	1 December 1993	30 November 1997
Nottingham Healthcare NHS Trust		
Mr. Robert Little (Chairman)	1 November 1995	31 October 1999
Mrs. Hilary Markson	1 November 1995	31 October 1999
Mrs. Usha Sood	1 November 1995	31 October 1997
Mr. John Tarrant	1 November 1995	31 October 1999
Mr. Gordon Waine	1 November 1995	31 October 1997
Professor Alan Aitkenhead	1 November 1995	31 October 1997
Nottinghamshire Ambulance Service NHS Trust		
Mr. Peter Featherby (Chairman)	1 November 1996	31 October 1998
Mr. Mukesh Panchal	1 November 1996	31 October 1999
Miss Mary Newby	1 November 1996	31 October 1998
Mr. Alan Baines	1 November 1994	31 October 1998
Mrs. Geraldine Coppel	1 November 1994	31 October 1997
Queen's Medical Centre, Nottingham, University Hospital NHS Trust		
Mr. Martin Suthers (Chairman)	1 November 1994	31 October 1998
Mr. Geoffrey Longbottom	1 November 1996	31 October 1999
Mr. Laurence Coppel	1 November 1994	31 October 1998
Mrs. Christine Bowering	1 November 1994	31 October 1998
Mr. Alan Hawksworth	11 November 1996	31 October 2000
Professor Edwin Symonds	1 November 1996	31 October 2000
North Nottinghamshire Health Authority		
Mr. Alan Tolhurst (Chairman)	1 April 1996	31 March 1998
Mrs. Frances Kelly	1 April 1996	31 March 2000
Mr. Albert Deakin	1 April 1996	31 March 1998
Mrs. Chris Gunn	1 April 1996	31 March 2000
Mr. Gordon Rees	1 April 1996	31 March 1998
Mr. Brian Basford	1 April 1996	31 March 1998
Nottingham Health Authority		
Sir David White (Chairman)	1 April 1996	31 March 1998
Councillor Stephen Taylor	1 April 1996	31 March 1998
Mr. Francis Boot	1 April 1996	31 March 2000
Mrs. Clarice Turnbull	1 April 1996	31 March 2000
Mr. Richard Turton	1 April 1996	31 March 2000
Professor David Greenaway	1 April 1996	31 March 1998

Surrogacy

Miss Widdecombe: To ask the Secretary of State for Health what the timetable is for the review of the law on surrogacy; and if the public and interested bodies will be able to make submissions to the review team. [6433]

Ms Jowell: We expect the review team to issue a consultation document to a wide range of interested bodies later this summer, with copies being available to anyone else who asks for it. We shall make an announcement about the availability of the document and details of how to obtain a copy at the time it is issued. Following a sufficient period to allow responses to be made, we expect to receive the team's report early next year.

Trust Boards

Sir David Madel: To ask the Secretary of State for Health how many working days notice were given to hon. Members to make suggestions to him as to appointments to trust boards; and if he will make a statement. [6775]

Mr. Milburn: My right hon. Friend the Secretary of State for Health's letter to hon. Members inviting nominations for appointments to trust boards was an addition to the normal consultation processes, designed to widen the field of candidates to include more members of the local community. His letter of 26 June asked for nominations to reach him by 7 July, allowing seven working days in which to respond.

Hospital Trusts (Disabled Employees)

Mr. Berry: To ask the Secretary of State for Health how many disabled people are employed by each hospital trust in England and Wales. [7059]

Mr. Boateng: All employers in the National Health Service with over 20 staff must comply with the Disability Discrimination Act of 1995, which changed the definition of disability from that previously used. We are working with the NHS to consider how to monitor both the letter and the spirit of the law. Historic figures under the previous definition of disability are available in the annual "Employment Gazette/Labour Market Trends", copies of which are available in the Library.

Rural Health Care

Mr. Tyrie: To ask the Secretary of State for Health what is the Government's definition of rural for the purposes of health care provision; and if the definition used is the same as that set out on page 9 of the Department of Health publication of November 1996, Developing Health and Social Care in Rural England. [6960]

Mr. Milburn: There is no generally used definition of "rural" for the purposes of health care provision.

INTERNATIONAL DEVELOPMENT

Freedom of Information

Mr. Keetch: To ask the Secretary of State for International Development if she will publish her Department's submissions relating to freedom of information legislation. [6036]

Clare Short: I refer the hon. Member to the answer given to him on 4 July 1997 by my right hon. Friend the Prime Minister, *Official Report*, column *294*.

Montserrat

Mr. Mackinlay: To ask the Secretary of State for International Development if she will make a statement on the recent natural disasters in Montserrat. [6416]

Clare Short: The Soufriere Hill volcano has been active since July 1995. There was an escalation in volcanic activity on 25 June that resulted in the loss of 8 lives. My department immediately deployed the services of 4 helicopters, for search and rescue purposes. 17 people were rescued.

Following an on-the-spot assessment, my department gave immediate approval for vital emergency work such as setting up communications equipment and maintaining fuel and food supplies and sanitation. With the airport out of commission, a daily ferry service was set up operating from the Little Bay Jetty (recently constructed with DFID funds) to Antigua for the use of foot passengers and for the transportation of goods to ensure safe and sustainable conditions in the north of the island. HMS Liverpool was also sent to the scene and is assisting in the rescue effort. Further temporary shelter has been identified as the highest priority for immediate action and we are looking urgently at the best way of providing it.

HMG is fully committed to providing the people of Montserrat with a secure future, and we are planning a rapid consultation with them on the options.

Uganda

Mr. Timms: To ask the Secretary of State for International Development what steps she is taking to secure the early implementation of Uganda's debt relief under the highly indebted poor countries initiative. [6816]

Clare Short: The World Bank, IMF and Paris Club of government creditors have agreed that, on the basis of the government's continued implementation of its economic reform programme, Uganda will receive debt relief in April 1998. My Department is ready to help the African Development Bank meet some of its costs in giving debt relief in Uganda.

TRADE AND INDUSTRY

Investment (Sustainable Development)

Mr. Tony Colman: To ask the President of the Board of Trade what action she is taking to ensure that the OECD Multilateral Agreement on Investment takes account of the principles of Agenda 21. [6391]

Mrs. Roche: The Government will work to ensure that its commitments to sustainable development and environmental protection are fully taken account of in the Multilateral Agreement on Investment. We are fully aware of the concerns raised by NGOs in this respect and support consultations with them as the negations continue.

Supervisory Bodies

Mr. Mitchell: To ask the President of the Board of Trade what guidelines govern the ethical conduct of the recognised supervisory bodies; and who ensures their compliance with such guidelines. [6468]

Mr. Ian McCartney: There are no specific guidelines on the ethical conduct of the Recognised Supervisory Bodies (RSBs). Complaints about their general conduct are a matter for my right hon. Friend the President of the Board of Trade.

The standards which must be applied by the RSBs in their regulation of those auditors for whom they are responsible are set out in Schedule 11 to the Companies Act 1989. These include standards covering professional integrity and independence, procedures for the investigation of complaints and procedures for discipline. Section 37 of that Act gives my right hon. Friend the President of the Board of Trade the power to require information from RSBs for the exercise of her functions under Part II of the Act. Reports which are received under this section are laid in the Libraries of both Houses of Parliament.

Money Laundering

Mr. Mitchell: To ask the President of the Board of Trade on how many occasions accountants and auditors have notified the banking, building societies and financial services regulators of suspicious transactions, *(a)* with and *(b)* without the knowledge of their audit clients. [6477]

Mr. Ian McCartney: The National Criminal Intelligence Service (NICS) is the authority which, under the guidance supporting the money-laundering legislation, must be notified of suspicious transaction involving money-laundering. The number of such reports received in the past five years was as follows:

Year

1996: 75

1995: 44

1994: 6

1993: 2

1992: 1.

It is a criminal offence for the client to be informed that such a notification has been made.

Figures for the sources of other notifications of suspicious transactions to the regulatory authorities are not held by the authorities concerned.

Post Office (Quadrant Catering)

Mr. Corbyn: To ask the President of the Board of Trade what consultation was undertaken with trade unions prior to her Department's announcement of a proposed private finance participation in the Quadrant Catering operation in the Post Office; and if she will make a statement. [6602]

Mr. Ian McCartney: Consultations with trade unions on matters relating to the Post Office are the responsibility of Post Office management. The Department's approval of the proposed joint venture arrangement between Quadrant and a private sector partner is part of the process of granting greater commercial freedom to the Post Office in line with our Election manifesto commitment. A joint venture arrangement will open up wider job and career opportunities within the larger organisation to all Quadrant staff.

PRIME MINISTER

Regional Aid

Mr. Fallon: To ask the Prime Minister which Department has primary responsibility for regional selective assistance and other forms of regional aid. [6297]

The Prime Minister *[holding answer 1 July 1997]:* My right hon. Friend, the President of the Board of Trade, has primary responsibility for the Industrial Development Act 1982 which provides the powers for granting financial assistance to industry assisted areas.

WPC Yvonne Fletcher

Mr. Dalyell: To ask the Prime Minister, pursuant to his oral answer of 24 June, *Official Report*, column 677, what factors underlie the length of time to be taken over the police investigation into the contents of the Channel 4 programmes relating to the death of WPC Yvonne Fletcher. [6174]

The Prime Minister: The Metropolitan police's review of the contents of the programme involves a good deal of detailed analysis of the extensive documentation already generated by their investigation.

Lockerbie

Mr. Dalyell: To ask the Prime Minister, pursuant to the letter written on his behalf by Mr. Philip Barton, Private Secretary at 10 Downing Street, to Mrs. Pamela Dix, Secretary of UK Families Flight 103, what is the result of the careful consideration he undertook to give to representations received about Lockerbie; and what is the result of the continuing discussion of the issues involved with the United States administration. [6143]

The Prime Minister: I refer the hon. Member to the answers that I gave him on 18 June, *Official Report*, column *309*. The Lockerbie evidence is kept under continual review. The United Kingdom, along with the United States, will argue for the UN sanctions against Libya to be maintained until Libya complies with the UN Security Council resolutions.

Mr. Dalyell: To ask the Prime Minister what response he has sent to the letter of 22 June to him from ex-police surgeon Dr. David Fieldhouse of Bradford, about the circumstances of the body count after the destruction of Pan Am 103 over Lockerbie. [6652]

The Prime Minister: Dr. Fieldhouse's letter is being studied carefully. A reply will be sent shortly.

Mr. Dalyell: To ask the Prime Minister what response he has sent to the letter of 23 June to him from Peter Anderson of Simpson Marwick WS about the destruction of Pan Am 103 over Lockerbie and the legal implications. [6653]

The Prime Minister: Mr. Anderson's letter raises a number of points about the Lockerbie investigation. Those responsible for that investigation are currently studying the letter carefully. A reply will be sent shortly.

Mr. Dalyell: To ask the Prime Minister what assessment he has made of the proposal made to the UN Security Council by the Secretary General of the Arab League and the Secretary General of the Organisation of African Unity that the Libyans accused of the Lockerbie Pan Am bombing be tried by Scottish judges under Scottish law in a neutral country. [6654]

The Prime Minister: I refer the hon. Member to the replies that I gave to him and the hon. Member for Rochford and Southend, East (Sir Teddy Taylor), on 18 June, *Official Report*, columns 309–10.

Tibet

Mr. Baker: To ask the Prime Minister what discussions took place between British and Chinese representatives during his recent visit to Hong Kong on the subject of Tibet; and if he will make a statement. [6900]

The Prime Minister: At the Hong Kong handover, my right hon. Friend, the Foreign Secretary, and I met Chinese leaders for the first time since taking office. This was an historic occasion and provided a unique opportunity for general discussion of our future relations, including human rights. It also laid the foundations for more substantive discussions, including on Tibet.

Millennium

Mr. Baker: To ask the Prime Minister how many representations he has received *(a)* in favour and *(b)* against the proposals to construct the Millennium Dome. [6897]

The Prime Minister: I have received a number of representations expressing a wide range of opinion about the Millennium Dome.

Budget Leaks

Mr. Sayeed: To ask the Prime Minister if Ministers disclosed to journalists any information regarding the Budget proposals for ACT prior to the Budget statement; and if he will make a statement. [7068]

Mr. Bernard Jenkin: To ask the Prime Minister (1) if he will make a statement on contact between his Ministers and journalists on the *Financial Times* prior to the Budget statement; [7075]

(2) what breaches of Budget secrecy took place prior to the Budget statement; and if Ministers were responsible. [7073]

(3) what inquiries have been initiated concerning possible premature disclosure of information in the Chancellor's Budget Statement; [7123]

(4) if *(a)* Ministers and *(b)* their (i) officials and (ii) advisers disclosed details of the Budget proposals for (1) ACT, (2) the five-year deficit reduction programme and (3) market reaction to the Budget prior to the Budget statement. [7074]

The Prime Minister: I have nothing further to add to the replies that I gave to the right hon. Member, the Leader of the Opposition, on 2 July, *Official Report*, columns 288–89.

TREASURY

Overseas Accounts

Mr. Nigel Jones: To ask the Chancellor of the Exchequer if he will make a statement on the use by the Treasury of bank accounts overseas, indicating *(a)* what funds are held overseas, *(b)* in which countries these funds are held and *(c)* how much interest has been raised in each of the past five years for which figures are available. [5019]

Mrs. Helen Liddell: The Government's gold and foreign currency reserves are managed by the Bank of England in the Exchange Equalisation Account. Some of the assets of the Account are held with overseas banks. For reasons of security and confidentiality, no further details are published. Under section 4 of the Exchange Equalisation Account Act 1979, the Comptroller and Auditor General is required to certify to the House of Commons that operations on, and transactions in connection with, the Account have been in accordance with the provisions of the legislation.

Housing Conditions

Mr. Kidney: To ask the Chancellor of the Exchequer what studies he has *(a)* commissioned and *(b)* evaluated regarding the relationship between the level of capital investment in social housing and the level of the housing benefit budget. [5295]

Dawn Primarolo: I refer my hon. Friend to the answer given by the Under-Secretary with responsibility for London and construction, my hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), on 26 June 1997, column *593*.

Beer (Illegal Imports)

Ms Jenny Jones: To ask the Chancellor of the Exchequer what measures he proposes to take to reduce the volume of illegally imported beer. [6235]

Dawn Primarolo: A review aimed at reducing alcohol and tobacco smuggling and fraud was announced on Budget day. This will look at finding new ways to protect the revenue and reduce illegal activity and consider health issues. In the meantime Customs continues to take action to counter fraud and smuggling.

Landowners (Tax Exemptions)

Mrs. Ballard: To ask the Chancellor of the Exchequer what has been the cost to the Exchequer of landowners' tax exemption for allowing some public access to their land in each of the last three years. [5970]

Dawn Primarolo: The information requested is as follows:

Year	*Estimated cost (£ million)*
1994–95	negligible
1995–96	5
1996–97	5

(These estimate are particularly tentative).

Mrs. Ballard: To ask the Chancellor of the Exchequer what regulations there are governing the advertisement of access to land owned by landowners who have negotiated conditional exemption from tax payment. [5969]

Dawn Primarolo: I refer the hon. Member to the answer given to my hon. Friend the Member for Pendle (Mr. Prentice) on 6 June, column *278*.

Building Society Conversions

Mr. Mitchell: To ask the Chancellor of the Exchequer what estimate he has made of the amount of money released in the current calendar year from building society conversions; and what assessment he has made of its effect on *(a)* consumer demand, *(b)* interest rates and *(c)* the balance of payments. [6240]

Mrs. Liddell: A full account of recent economic developments and prospects, including the effect of money released from building society conversions and takeovers, was published with the Budget on 2 July.

Sanitary Protection (VAT)

Mr. Flynn: To ask the Chancellor of the Exchequer what representations he has received concerning the reduction or removal of VAT from sanitary protection; and if he will make a statement. [5821]

Dawn Primarolo *[holding answer 1 July 1997]:* I refer my hon. Friend to the reply I gave to the hon. Member for Bury, South (Mr. Lewis) on 18 June, column *230.*

Erb's Palsy

Dr. Brand: To ask the Chancellor of the Exchequer what statistics his Department collates on the incidence of Erb's palsy; and what are the figures for its incidence in each of the last 10 years. [6364]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Dr. Peter Brand, dated 7 July 1997:

The Chancellor of the Exchequer has asked me to reply, as Director of the Office for National Statistics (ONS), to your recent parliamentary question on Erb's palsy.

The ONS collects information through the National Congenital Anomaly System. This system, which is voluntary at all stages, has been monitoring congenital anomalies in England and Wales since 1964. The primary purpose of this system is to detect changes in the frequency of reporting any particular anomaly or group of anomalies rather than trying to estimate the prevalence at birth.

The following table shows babies notified with Erb's Palsy[1], numbers and rates per 10,000 live and stillbirths, England and Wales 1986–1995.

	Number	*Rate*
1986	25	0.4
1987	37	0.5
1988	34	0.5
1989	37	0.5
1990	24	0.3
1991	30	0.4
1992	21	0.3
1993	36	0.5
1994	24	0.4
1995	34	0.5

[1] International Classification of Diseases 9th revision 767.6 1986–1994.
International Classification of Diseases 10th revision P14.0 1995.
'Data as at 1 July 1997'.
Source:
National Congenital Anomaly System.

Unemployment (Chipping Barnet)

Sir Sydney Chapman: To ask the Chancellor of the Exchequer if he will list the registered number of unemployed in *(a)* the former Chipping Barnet constituency area and *(b)* the new enlarged area for (i) April and (ii) May; and if he will make a statement. [6425]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Mr. Tim Holt to Sir Sydney Chapman, dated 7 July 1997:

The Chancellor of the Exchequer has asked me to reply as the Director of the Office for National Statistics to your recent question on the numbers registered unemployed in the former Chipping Barnet constituency area and the new enlarged area.

The data you have requested can only be derived from the monthly count of people claiming unemployment-related benefits (i.e. Jobseekers Allowance or National Insurance credits). Essentially, all people who attend an Employment Service office to sign on the designated day are counted.

The data you have requested is shown in the attached table.

The 1991 Chipping Barnet constituency contains the following wards:

Arkley
Brunswick Park
East Barnet
Hadley
Totteridge

In addition to the wards listed above, the 1995 constituency also contains Friern Barnet.

Number of persons claiming unemployment-related benefits, April and May 1997

	Former Chipping Barnet constituency area (1991 boundaries)	*New Chipping Barnet constituency area (1995 boundaries)*
April 1997	1,597	1,955
May 1997	1,541	1,881

Economic Stability

Mr. Mitchell: To ask the Chancellor of the Exchequer what assessment he has made of whether economic stability is a precondition for high and stable levels of growth and employment; and if he will assess the correlation between those factors in the period 1977 to 1997. [6845]

Mrs. Liddell: I refer my hon. Friend to the Financial Statement and Budget Report laid before the House on 2 July, and in particular chapters 1 and 3.

Internet

Mr. Edward Davey: To ask the Chancellor of the Exchequer what proposals he has to amend the rules relating to VAT on commercial activities conducted on the Internet; and if he will make a statement. [6273]

Dawn Primarolo *[holding answer 3 July 1997]:* Customs are closely involved in initiatives with both the European Union and the OECD which are seeking to identify solutions to the perceived problems with trading over the Internet. It is important that any changes made are done so in concert with other countries so that the risk of double or non-taxation of these supplies is avoided.

Mr. Davey: To ask the Chancellor of the Exchequer how much money he estimates is lost to the Treasury by people failing to pay duties on commercial transactions conducted over the Internet; and if he will make a statement. [6274]

Dawn Primarolo *[holding answer 3 July 1997]:* There is no reliable estimate of revenue lost in this way.

Value Added Tax

Mr. Fearn: To ask the Chancellor of the Exchequer what is his policy in respect of reducing VAT on equipment specially *(a)* designed and *(b)* adapted for disabled use. [6430]

Dawn Primarolo *[holding answer 3 July 1997]:* There is already VAT relief on equipment designed solely for use by disabled people and the service of adapting goods for use by them. Such supplies are zero-rated for VAT purposes.

LORD CHANCELLOR'S DEPARTMENT

County Court Closures

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department how many county courts have been closed in each of the last five years. [6237]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Keith Hill, dated 7 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about how many county courts have closed in each of the last five years.

The figures are as follows:

1993: 5 court closures

1994: 16 court closures

1995: 8 court closures

1996: 13 court closures

1997: 2 court closures (to date).

Although 44 courts have been closed in total, 15 of those still provide a service for office callers but have no hearing facilities. Additionally, 19 of the courts closed have undertaken to continue local District Judges sittings in suitable accommodation subject to demand.

Small Claims

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department on how many occasions a party to a case which is subject to automatic reference to small claims arbitration has *(a)* applied for and *(b)* been granted an application for recission of the reference in the last 12 months. [6229]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Keith Hill, dated 7 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the number of occasions a party whose case has been referred to automatic small claims arbitration have applied for, and been granted, recission.

The number of occasions in the 12 months from April 1996 up to March 1997 when a party has applied for recission to automatic arbitration is 738. The actual number who were granted recission is 622.

Litigants

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department if he will estimate the total number of litigants entitled to a refund of court fees paid between 15 January and 13 March and the total cost to the Court Service of repaying fees. [6231]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the Hon. Member.

Letter from Michael Huebner to Mr. Keith Hill, dated 7 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the numbers of litigants entitled to a refund of court fees paid and the total cost of this to the Court Service.

The information requested is unknown and could only be provided at a disproportionate cost.

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department how many litigants have *(a)* applied for and *(b)* were granted a refund of court fees paid between 15 January and 13 March in (i) county court proceedings, (ii) high court proceedings and (iii) family proceedings. [6234]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Keith Hill, dated 7 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the number of litigants who have applied for and been granted refunds of court fees.

Detailed figures of refunds of court fees to litigants in person are not held centrally, and could only be provided at a disproportionate cost. However, information is collected on the total number of refunds and is broken down into months and fees by type of fees order (County, Supreme, Family). This information is as follows but is only available for the months of March, April and May.

	County	*Supreme*	*Family*	*Total*
March	327	1	2,349	2,677
April	367	31	3,254	3,652
May	237	9	1,246	1,492
	931	41	6,849	7,821

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department how many litigants in person have issued proceedings in *(a)* the county court, *(b)* the county court under the small claims procedure, *(c)* the High Court and *(d)* the Court of Appeal in each of the last five years. [6230]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Keith Hill, dated 7 July 1997:

The parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about proceedings issued by litigants in person over the last five years.

Detailed statistics for actions instigated by litigants in person are not held centrally, and could only be provided at a disproportionate cost.

Court Fees

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department how many litigants who have *(a)* applied for and *(b)* been granted a refund of court fees paid between 15 January and 13 March were in receipt of (i) income support, (ii) income-related jobseeker's allowance, (iii) family credit, (iv) disability working allowance and (v) housing benefit. [6232]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Keith Hill, dated 7 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the number of litigants who have applied for and been granted refunds in respect of court fees.

Details of refunds of court fees to litigants in person are not held centrally in the terms requested, and could only be provided at a disproportionate cost. However, information is collected on the total number of refunds and the total money refunded and is available for March, April and May. During these months 7,821 refunds were granted. The total sum refunded was £242,816.90.

Office Refurbishment

Mr. Gerald Howarth: To ask the Parliamentary Secretary, Lord Chancellor's Department what is the cost of the current refurbishment of offices used by his Department within the Palace of Westminster. [6567]

Mr. Hoon: There is currently no refurbishment work being carried out in the offices used by the Lord Chancellor's Department within the Palace of Westminster. There is however, a proposal to refurbish, in a way consistent with the conservation and preservation of a building of such outstanding national importance, the Lord Chancellor's Official Residence together with the office he uses in the Palace of Westminster. This is shortly to be considered by the House of Lords Administration and Works Sub Committee who will decide how to proceed on the basis of a memorandum submitted by Black Rod, who is independent of the Lord Chancellor and responsible for the care and upkeep of the House of Lords accommodation within the Palace of Westminster. They still have to take a number of decisions which will affect the costs of the proposal, but it is estimated that the total cost of both projects will be in the region of £650,000.

Mental Incapacity

Mr. Burstow: To ask the Parliamentary Secretary, Lord Chancellor's Department what plans he has to act on the Law Commission report (Law Com 231) to clarify the law on mental incapacity. [5524]

Mr. Hoon: The Government recognises the importance of clarifying the law in this area to provide a clear framework for those involved in making decisions on behalf of incapacitated adults and to ensure that the welfare and interests of the incapacitated person are adequately protected. It is hoped that progress will be made on the subject at an early opportunity.

CABINET OFFICE

Ministerial Responsibilities

Mr. Baker: To ask the Minister without Portfolio under what circumstances he will speak in the House in respect of his ministerial responsibilities; and if he will make a statement. [6888]

Mr. Mandelson: I refer the hon. Member to the reply given by my right hon. Friend the Prime Minister to the hon. Member for Worthing, West (Mr. Bottomley) on 3 June, *Official Report*, column *134*; and to my subsequent reply to the hon. Member himself today.

Parliamentary Questions

Mr. Baker: To ask the Minister without Portfolio if he will make himself available on a regular basis to answer oral questions to take account of his responsibilities for *(a)* the Royal Yacht and *(b)* the Millennium Dome. [6887]

Mr. Mandelson: On *(a)*, I have no responsibilities in this respect. On *(b)*, yes.

DUCHY OF LANCASTER

Open Government

Mr. Baker: To ask the Chancellor of the Duchy of Lancaster how many complaints have been referred to the Parliamentary Commissioner for Administration since 1 May under the Code of Practice on Access to Government Information. [6893]

Dr. David Clark: Three.

Mr. Baker: To ask the Chancellor of the Duchy of Lancaster how many requests for information have been received since 1 May under the Code of Practice on Access to Government Information; and if he will make a statement. [6892]

Dr. Clark: This information is not held centrally in the form requested and could be obtained only at disproportionate cost. The contribution of the code of practice on open government is, however, an important issue and I shall continue the existing practice of publishing an annual report on the workings of the Code which will contain an analysis of code requests received on a calender year basis.

Mr. Baker: To ask the Chancellor of the Duchy of Lancaster what plans he has to narrow the terms of the classes of exempt information listed in the Code of Practice on Access to Government Information. [6894]

Dr. Clark: I would like to see the proposed Freedom of Information Act have fewer exemptions than the present Code of Practice on Access to Government Information. In the period before the Act comes into force

the Government will make full use of the discretion available under the Code of Practice to disclose as much information as possible. Should it become clear that the wording of the Code is proving over-restrictive, even under this more liberal interpretation, I will consider amendments.

Mr. Baker: To ask the Chancellor of the Duchy of Lancaster how much has been spent since 1 May to publicise the Code of Practice on Access to Government Information; how many copies of the code have been *(a)* published and *(b)* issued since 1 May; and if he will make a statement. [6891]

Dr. Clark: No new advertising campaigns have been launched since 1 May but I plan to use the launch of the forthcoming White Paper on Freedom of Information to publicise the continuing role of the Code of Practice on Access to Government Information in the period before the Act comes into force.

Information on the total number of copies of the Code issued by Departments in the period since 1 May is not held centrally and could be obtained only at disproportionate cost. I can say however that the central Citizen's Charter Publications Line has issued some 250 copies of the Code in response to requests in that period and my own Department has responded to 30 requests.

Freedom of Information

Mr. Baker: To ask the Chancellor of the Duchy of Lancaster if he will place in the Library *(a)* departmental and *(b)* other responses to the White Paper and draft bill on Freedom of Information before legislation is introduced. [6890]

Dr. David Clark: I shall place in the Library the results of both consultation exercises before the legislation is introduced. These will include copies of the responses received from outside government except where confidentiality has been specially requested. I shall also be considering how exchanges between Government Departments on Freedom of Information can best be treated in a way which contributes to the public debate while at the same time preserving the necessary collective responsibility needed in the drafting of major legislation.

Citizens Charter

Mr. Rowe: To ask the Chancellor of the Duchy of Lancaster, given that virtually the only citizens who have to go to school are children, will the hon. Gentleman consider extending the citizens charter to make it clear that schools are expected to deliver children's ability to read, write and figure?

Mr. Kilfoyle *[pursuant to his reply 2 July 1997, Official Report, column 287]:* The hon. Gentleman will be pleased to know that one of the forums that I shall soon be meeting will consist of young children, the future citizens of this country. Moreover, we have worked in partnership with the Centre for Citizenship Studies in Education at Leicester University and in consultation with the National Consumer Council to ensure that more than 1,700 secondary schools in England that wished to do so received a pack relating directly to their interests.

NATIONAL HERITAGE

Culture Council

Mr. Bradshaw: To ask the Secretary of State for National Heritage what was the outcome of the Culture Council on 30 June. [7400]

Mr. Fisher: EU Ministers of Culture met on 30 June in Luxembourg. Ministers held a public debate on the future direction of EU cultural action, and agreed a decision to ask the Commission to study the options for future cultural action and to bring forward proposals by 1 May 1998. Ministers also agreed a decision to ask the Commission to study whether article 128(4) is relevant to the Community's approach to cross-border fixed book pricing.

The Council resolved to continue to seek agreement, in conciliation, for the Raphael programme. It discussed the future of the European Cities of Culture initiative.

Ministers then held an exchange of views on audiovisual issues, discussing proposals for a Community Guarantee Fund for film production and the Commission's Green Paper on the protection of minors and human dignity in audiovisual and information services.

Lottery Bids (Stoke-on-Trent, North)

Ms Walley: To ask the Secretary of State for National Heritage (1) if he will list the successful national lottery bids in Stoke-on-Trent, North, by category of national lottery funding, indicating the percentage they comprise of the total sums awarded nationwide in each category; [6281]

(2) how many applications for each category of national lottery funding have been received from Stoke-on-Trent, North; and how many of these have been *(a)* successful and *(b)* unsuccessful, indicating for each successful scheme the value of the award, in each year since the inception of the national lottery. [6248]

Mr. Banks *[Pursuant to his written reply 4 July, Official Report, column 290]:* The tables of awards and applications were omitted from the answer. The full information is as follows.

To date over £3.7 billion has been awarded to 23,570 projects throughout the UK. Twelve of these awards are to projects in Stoke-on-Trent, North, worth £2,938,508. The first table lists these together with the percentage they represent of the total sums awarded across England and the UK. The second table shows the number of applications received from Stoke-on-Trent, North.

Table 1: Awards in Stoke on Trent, North

Category	*Distributing body*	*Award date*	*Recipient*	*Award amount £*	*Percentage of total amount of England awards*	*Percentage of total amount of all awards*[1]
Arts	Arts Council of England	21 February 1996	Stoke on Trent Repertory Ltd.	764,608		
Sub total				764,608	0.097	0.085
Millennium	MC	12 March 1997	Burslem Community Development	1,599,000		
Sub total				1,599,000	0.27	0.16
Charities	NLCB	19 December 1995	Physically Handicapped and Able-bodied Freewheelers	7,630		
		11 August 1996	Stoke on Trent and District Gingerbread Centre	83,130		
		11 August 1996	Cobridge Community Centre Association	180,000		
		17 December 1996	PHAB Freewheelers	36,540		
		17 December 1996	Beatrice North Staffordshire Handicapped Childrens Boat	13,950		
		11 August 1996	National Association for Gifted Children	158,100		
Sub total				479,350	0.131	0.095
Sports	English Sports Council	20 November 1996	North Staffordshire Gymnastics Club	15,576		
		3 December 1996	Staffordshire County Council (Stanley Head Outdoor Education)	17,773		
		5 June 1997	Stoke on Trent College Sub Aqua Club	30,701		
Sub total				64,050	0.012	0.010
Heritage	Heritage Lottery Fund	20 December 1995	Staffordshire Historic Building Trust	31,500		
Sub total				31,500	0.006	0.005
Grand total				2,938,508	0.102	0.079

[1] Includes awards made by the other home counties Arts and Sports Councils.

Table 2: Applications from Stoke on Trent, North

	Unsuccessful	*Successful*	*Total*
Arts Council of England	3	1	4
MC	[1]n/a	1	1
NLCB	29	6	35
English Sports Council	2	3	5
Heritage Lottery Fund	0	1	1

[1] The Millennium Commission does not record unsuccessful projects by constituency.

FOREIGN AND COMMONWEALTH AFFAIRS

Kenya

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on relations between and Kenya. [4875]

Mr. Tony Lloyd: We recognise the positive role which Kenya has played over the years as a force for regional stability. During my recent visit there between 25 and 28 June, I met President Moi and had talks with some of his Ministers, members of the Opposition, Church leaders and other representatives of Kenyan society. I made clear to all parties our hopes and expectation that the forthcoming elections will be free and fair and that they will be conducted in a peaceful environment. In this context, I stressed the importance of dialogue between the parties concerned.

I also made clear our concern that certain democratic principles should be implemented in the approach to the elections, to make sure that they are free and fair. In particular, I called for elections where all those who want to vote can exercise their choice freely; where all those who want to stand have the opportunity to do so; where the electorate have access through the media to all the information needed to make a free choice; and where people can come together freely in support of their preferred candidates.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will publish his Department's submissions relating to freedom of information legislation. [6025]

Mr. Tony Lloyd *[holding reply 2 July 1997]:* I refer the hon. Member to the reply given by my right hon. Friend the Prime Minster on 4 July, *Official Report*, column *293–94*.

Visitors' Visas

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs when he expects the Under-Secretary of State for Foreign Affairs will meet the hon. Member for Leicester, East to discuss visitors' visas. [6586]

Mr. Fatchett: My noble Friend the Under-Secretary of State for Foreign and Commonwealth Affairs was not aware of the hon. Member's wish for a meeting to discuss visitors' visas. She will contact my hon. Friend to arrange a mutually convenient time for such a discussion.

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs how many meetings the Under-Secretary of State for Foreign Affairs has had with hon. Members to discuss refusals of visitors' visas. [6585]

Mr. Fatchett: There has been one such meeting.

Mrs. S. U. Patel

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the case of Mrs. S. U. Patel (R/92/3687). [6583]

Mr. Fatchett: We have asked our Deputy High Commission in Bombay to provide a detailed account of the position. My noble Friend the Under-Secretary of State for Foreign and Commonwealth Affairs will write to my hon. Friend within a week of receiving that account.

Kailashchandra Sukdev Roy

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs (1) if a Minister from his Department will meet the hon. Member for Leicester, East to discuss the case of Kailashchandra Sukdev Roy (ref. R/97/962-Bombay); [6587]

(2) if he will make a statement in the case of Sukdev Roy (ref. R/97/962-Bombay). [6624]

Mr. Fatchett: My noble Friend the Under-Secretary of State for Foreign and Commonwealth Affairs will write to my hon. Friend about Mr. Roy's application within a week.

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs what representations he has received from the Department of Education and Employment concerning the case of Kailashchandra Sukdev Roy (ref. R/97/962-Bombay). [6588]

Mr. Fatchett: My noble Friend the Under-Secretary of State for Foreign and Commonwealth Affairs will write to my hon. Friend about Mr. Roy's situation within a week.

Jaswinder Kaurr

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs when the visa will be granted in the case of Jaswinder Kaurr (ref. ECR/474/95s-New Delhi). [6584]

Mr. Fatchett: We have asked our high commission in New Delhi to provide a detailed account of the position. My noble Friend the Under-Secretary of State for Foreign and Commonwealth Affairs will write to my hon. Friend within a week of receiving that account.

Bhag Singh and Rattan Kaur

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will review the decision of the entrance clearance offer in New Delhi concerning the case of Bhag Singh and Rattan Kaur (ref. IMM/ECR/2983/97/NS). [6590]

Mr. Fatchett: We have asked our high commission in New Delhi to provide a detailed account of the position. My noble Friend the Under-Secretary of State for Foreign and Commonwealth Affairs will write to my hon. Friend within a week of receiving that account.

Amsterdam Treaty

Mr. Mitchell: To ask the Secretary of State for Foreign and Commonwealth Affairs what representations he has made to the presidency of the inter-governmental conference of the European Union concerning the provisional pre-signature text of the draft Amsterdam treaty; by what procedures each item in the presidency draft was considered; if written copies of amendments were circulated prior to decisions on the amendments; and what period of notice for *(a)* verbal and *(b)* oral amendments was required by the conference. [6628]

Mr. Henderson: Discussions on the draft Amsterdam treaty text are continuing in Brussels, both among the 15 member states, and bilaterally with the Presidency and former Presidency.

The terms of the Presidency text were discussed at the European Council at Amsterdam. In many cases written amendments were circulated. In others amendments were discussed orally by Heads of Government. There was no period of notice required by the conference.

Indonesia (Defence Sales)

Sir George Young: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on his discussions with the Indonesian Foreign Minister in Hong Kong about defence sales. [6649]

Mr. Fatchett: My right hon. Friend the Foreign Secretary held a wide-ranging meeting with Mr. Alatas during which he was able to explain the background to the review of criteria used in considering licence applications to export conventional arms that he announced to the House on 22 May. He pointed out that the review does not focus on particular countries.

Euro

Mr. Mitchell: To ask the Secretary of State for Foreign and Commonwealth Affairs how much the EU Commission is spending to promote the euro and emu *(a)* in Europe and *(b)* in the United Kingdom. [6851]

Mr. Doug Henderson: In the 1997 EC Budget a total of 45 million ecu is provided in budget lines B3–306 and B0–40 for information activities in connection with specific policies, including the single currency. The Commission has provisionally allocated 23 million ecu of this money to a campaign to publicise the euro. None of this money will be present in the UK as the euro information campaign is not being pursued here.

Defence Sales Review

Sir George Young: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will announce the timetable for the defence sales policy review. [6647]

Mr. Tony Lloyd: The review of criteria used in considering licence applications for the export of conventional arms is being taken forward as a matter of urgency. The new criteria will be made available to the House when the review is complete.

Sir George Young: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list the criteria for arms sales and the countries affected by the defence sales policy review. [6646]

Mr. Lloyd: As my right hon. Friend the Foreign Secretary announced on 22 May, *Official Report*, column 294, we have initiated an urgent review of the detailed criteria used in considering licence applications for the export of conventional arms. The new criteria will be made available to the House when the review is complete. As we have made clear repeatedly, the review is looking at criteria to be used for all destinations and does not focus on particular countries.

Gibraltar

Dr. Marek: To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his answer of 30 June, *Official Report*, column *18*, if the Gibraltar Government were consulted before Her Majesty's Government made its decisions at the Amsterdam summit regarding the Schengen arrangements. [7058]

Mr. Doug Henderson: The Chief Minister was briefed in London before the summit.

Dr. Marek: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list the obstacles to enfranchisement of Gibraltarians in elections to the European Parliament. [6991]

Mr. Henderson: The 1976 EC Act on Direct Elections confines the franchise for European Parliament elections to the United Kingdom alone. The Act has treaty status. Any amendment would require the agreement of all Member States.

Dr. Marek: To ask the Secretary of State for Foreign and Commonwealth Affairs what proposals for developing Gibraltar airport have been evaluated by his Department. [6992]

Mr. Henderson: We have not received any approaches on the development of the airport since 1995.

Indonesia

Mr. Faber: To ask the Secretary of State for Foreign and Commonwealth Affairs what representations his Department has received from the Government of Indonesia since his mission statement of 12 May. [7070]

Mr. Fatchett: We continue to have a full range of contacts with the Indonesian Government. Most recently my right hon. Friend the Foreign Secretary and I met the Indonesian Foreign Minister in Hong Kong on 29 June.

Baghdad

Mr. Dalyell: To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his letter to the right hon. Member for Chesterfield (Mr. Benn) of 20 June, what assessment he has made of the policy of Germany and France in upgrading their diplomatic representation in Baghdad; and if he will make it his policy to upgrade United Kingdom representation. [6953]

Mr. Fatchett: Neither France nor Germany have recently upgraded their representation in Baghdad.

Our policy remains that Iraq must comply with all relevant Security Council resolutions. We do not envisage any change in our position until it does so.

Saudi Arabia

Mr. Faber: To ask the Secretary of State for Foreign and Commonwealth Affairs what representations his Department has received from the Government of Saudi Arabia since his Mission Statement of 12 May. [7071]

Mr. Fatchett: There have been no such representations.

We remain in close touch with the Saudi Government on a wide range of issues. I met the Saudi Ambassador on 21 May and briefly discussed the Mission Statement, amongst other topics.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Water Regulations

Mr. Roy Beggs: To ask the Secretary of State for the Environment, Transport and the Regions what new arrangements he has introduced to enforce and administer water regulations. [6233]

Angela Eagle: Following consultation on enforcement and administration of water regulations and further discussions with relevant organisations, it is intended that regulations will be made under the powers in section 74 of the Water Industry Act 1991. These Regulations will be enforced by the water companies. Powers to relax or dispense with the requirements of the Regulations will not be delegated. An appeals system will be implemented to deal with disputes about the application of the Regulations.

The Water Regulations Advisory Committee is currently consulting on its proposals for the technical requirements to be included in the Regulations before making recommendations to my right hon. Friend.

Consultation on the draft Regulations will take place early in 1998.

Radioactive Discharges

Mr. Mitchell: To ask the Secretary of State for the Environment, Transport and the Regions what representations he has made to the French Government about the levels of radioactive discharges into the English Channel from the French nuclear reprocessing plant at Cap de la Hague. [6396]

Angela Eagle: No recent representation has been made to the French authorities in respect of radioactive discharges into the English Channel. Monitoring carried out by the Ministry of Agriculture, Fisheries and Food

shows that the levels of radioactivity in seafood and other marine organisms from the English Channel are of negligible radiological significance.

White Asbestos

Mr. Hancock: To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to ban white asbestos. [6352]

Angela Eagle: The Government is determined to deal effectively with the problems of asbestos. In the Adjournment debate on 18 June columns 280–84, I reported to this House that the Minister for the Environment and I had asked the Health and Safety Commission to advise us urgently on a mechanism for introducing a domestic ban on the import, supply and use of asbestos. We have asked the HSC to advise us on how that could be achieved and to what timetable. We are awaiting their response.

Nuclear Waste

Mr. Matthew Taylor: To ask the Secretary of State for the Environment, Transport and the Regions what are *(a)* the objectives and *(b)* the terms of reference of the study into the disposal of high-level waste and spent nuclear fuel being undertaken on behalf of his Department by QuantiSci Ltd. [6413]

Angela Eagle: A copy of the Work Requirement Statement issued for the study awarded to QuantiSci Ltd. has been placed in the Library of the House.

Mr. Taylor: To ask the Secretary of State for the Environment, Transport and the Regions which consultants have been commissioned to review United Kingdom high-level nuclear waste management; and if they have previously been employed by UK Nirex Ltd. [6399]

Angela Eagle: The only current study into high level waste that has been commissioned by the Department of Environment, Transport and the Regions is that of research strategies for the disposal of high level radioactive waste and spent nuclear fuel. This was awarded to QuantiSci Ltd., who have worked previously for Nirex.

Mr. Taylor: To ask the Secretary of State for the Environment, Transport and the Regions that quantity of fissile material UK Nirex proposes to bury underground in the United Kingdom. [6400]

Angela Eagle: A large number of low and intermediate level radioactive waste streams are contaminated with fissile material. The two predominant fissile isotopes are plutonium-239 and uranium-235. Latest estimates of the quantities to be disposed of are 11.7 petabecquerels and 1.33 terabecquerels respectively in terms of activity and 5 and 17 tonnes respectively in terms of mass. These isotopes account for less than 0.01 per cent. of the total mass of the waste.

Derelict Houses

Mr. Rendel: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the numbers of publicly owned derelict house in each local authority area; and if he will make a statement. [5719]

Mr. Raynsford *[holding answer 2 July 1997]:* The information requested is not available in the form requested. The only indication we have of the number of derelict local authority dwellings is at the national level from the 1991 English House Condition Survey. This estimated 20,000 local authority dwellings to be derelict which represents 18 per cent. of the local authority vacant stock.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for the Environment, Transport and the Regions if he will publish his Department's submissions relating to freedom of information legislation. [6026]

Angela Eagle *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given by my right hon. Friend, the Prime Minister on Friday 4 July, *Official Report*, column *294*.

Business Rates

Dr. Kumar: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement regarding the timetable for the transfer of responsibility for setting business rates to local authorities. [6443]

Mr. Raynsford: The localisation of business rates would require primary legislation. I am not yet able to announce a timetable. At present we are considering the options for reforming the rating system. No changes will be made until we have consulted fully with business, local authorities and other interested parties.

Carbon Emissions

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the total carbon emissions in the United Kingdom for each of the past 10 years and his estimates of emissions for each year to 2010. [6603]

Angela Eagle: The following total carbon emissions data for the UK for 1990 and subsequent years will be published on 11 July in the 19th Digest of Environmental Statistics:

	Million tonnes
1990	168
1991	169
1992	164
1993	160
1994	159
1995	156

These totals are consistent with the methodology for calculating emissions developed by the Intergovernmental Panel on Climate Change. This is the basis required for reporting emissions of carbon dioxide to the UN Framework Convention on Climate Change. Totals calculated on this basis are not available for years before 1990.

Projected emissions were published in the UK's Second Report under the Climate Change Convention on the basis of the previous Administration's Climate Change programme. These were:

	Million tonnes
2000	158
2005	169
2010	169

The Government is now developing policies and measures to meet our target of reducing carbon dioxide emissions to 20 per cent. below 1990 levels by 2010 and a revised Climate Change programme will be prepared after the Kyoto Climate Change Conference in December.

Waste Disposal

Mr. Flynn: To ask the Secretary of State for the Environment, Transport and the Regions (1) what representations he has received concerning the direct discharge of untreated liquid wastes from biotech companies into the environment; and if he will make a statement; [6859]

(2) what assessment he has made of the health risks posed by transgenic waste disposal from commercial scale contained users; and if he will make a statement; [6861]

(3) if he will make a statement on the discharge of liquid wastes containing live genetically modified micro-organisms into sewers and the drainage system. [6860]

Angela Eagle: Discharge of waste containing live genetically modified micro-organisms (GMMs) is covered by the Genetically Modified Organisms (Contained Use) Regulations 1992, as amended in 1996. Under the Regulations, an assessment of the risks to human health and the environment must be undertaken before commencing any activity involving genetic modification. The risk assessment enables the appropriate control measures to be selected. The Regulations require that waste containing live GMMs which would pose a risk to human health and/or the environment must be inactivated prior to disposal. This requirement applies at all scales of work with 'transgenic' (GMM) waste.

As I indicated in the answer I gave my Hon. Friend the Member for West Lancashire (Mr. Pickthall) on 27 June, column *667*, the Advisory Committee on Genetic Modification (ACGM) is currently considering, in consultation with interested bodies, the matter of direct discharge of those untreated liquid wastes which are judged, on the basis of thorough risk assessment, not to pose a risk of harm to human health and the environment. It is proposed to achieve this by way of a certificate of exemption from the requirements of the Regulations. Previous consultation on this matter by the Health and Safety Commission indicated that there was strong support for permitting such discharge.

The proposed exemption certificate, together with accompanying detailed guidance, is currently undergoing consultation with the biotechnology community and environmental groups. To date a number of responses have been received from organisations including universities and research institutes. HSE will consider ACGM's advice, as regards the outcome of the consultation, before agreeing with relevant departments (so far as matters relate to the environment) the best way to proceed.

Deprivation Index

Mr. Timms: To ask the Secretary of State for the Environment, Transport and the Regions if he will list his Department's index for deprivation for *(a)* Newham, *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest and *(f)* Barking and Dagenham. [6858]

Mr. Raynsford: Table 1 below shows the ranked position of the local authorities listed above on the three different measures which make up the Department's Index of Local Conditions (ILC). The attached background note gives further information on the ILC and on the difference between the three measures.

Table 1

	Rank on DETR's Index of Local Conditions		
	Degree	*Intensity*	*Extent*
Newham	1	9	5
Tower Hamlets	7	1	2
Hackney	3	4	1
Redbridge	120	67	93
Waltham Forest	21	6	16
Barking and Dagenham	18	36	30

Council House Sales

Mr. Timms: To ask the Secretary of State for the Environment, Transport and the Regions what is the current level of set-aside capital receipts derived from the sale of council houses in the boroughs of *(a)* Newham, *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest and *(f)* Barking and Dagenham, expressed (i) in absolute terms and (ii) per head of population; and what are the corresponding national absolute and per head figures. [6828]

Mr. Raynsford: The amounts of housing capital receipts which were set aside by each of the local authorities referred to in the question between 1990–91 and 1995–96 are set out both in absolute terms and per head of population in the table below, as are the corresponding figures for England. However, individual authorities may have used these set-aside receipts to repay debt or in lieu of further borrowing, and so may no longer retain them in the form of cash and investments.

Receipts set aside from sales of Housing Revenue Account Assets 1990–91 to 1995–96

	Total £000s	*Per head of mid-1995 population £s*
Barking and Dagenham	25,418	164
Hackney	41,651	214
Newham	30,618	134
Redbridge	23,931	105
Tower Hamlets	42,643	247
Waltham Forest	18,449	83
England	5,283,436	108

Source of data: HRA subsidy claim forms.

We are in the process of consulting the Local Government Association and local authorities on the Government's Capital Receipts Initiative. The final decision about the basis on which resources are to be distributed to individual authorities will be made when that consultation process is complete.

Occupational Injury and Ill Health

Mr. Clapham: To ask the Secretary of State for the Environment, Transport and the Regions if he will estimate the costs to the United Kingdom economy of occupational injury and ill health over each of the last five years. [7120]

Angela Eagle: The Health and Safety Executive estimate that the total cost to the British economy of work accidents (including preventable damage-only accidents) and work-related ill health was between £6 billion and £12 billion in 1990.

Estimates of the cost since 1990 have not been made because of the absence of more recent comprehensive data on work-related ill health. New data will start to become available later this year, covering 1995. Using this data, the Health and Safety Executive will prepare updated costs in 1998.

The estimate in the draft reply of £6 billion–12 billion (1990 prices) is about 1–2 per cent. of national output. This includes the costs of damage and disruption to production, health care costs, and other administrative costs. An estimate of the total cost to society, which includes an allowance for the human costs of pain, grief and suffering, is £11 billion–16 billion.

Mr. Clapham: To ask the Secretary of State for the Environment, Transport and the Regions what sums his Department has spent on preventing occupational illness and injury in each of the last five years. [7122]

Angela Eagle: The Health and Safety Commission and Executive's aim is to ensure that risks to people's health and safety activities are properly controlled. This extends beyond occupational illness and injury to work activities that might put members of the public at risk but it is not possible to identify separately the work involved in achieving both aspects of the aim. However, it is estimated that the additional cost of protecting the public would represent only a small proportion of the total cost.

The Health and Safety Executive spent the following sums in each of the last five years:

Year	*£ Million*
1992–93	173.00
1993–94	181.00
1994–95	180.00
1995–96	181.00
1996–97	178.00

Mr. Clapham: To ask the Secretary of State for the Environment, Transport and the Regions if he will estimate the number of those *(a)* injured, *(b)* killed and *(c)* made ill by their work for each of the last five years. [7121]

Angela Eagle: The table shows the total number of fatal and other injuries to employees, trainees and self-employed people reported to enforcing authorities under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 1985 and 1995 (RIDDOR) between 1992–93 and 1996–97 (years commencing 1 April).

Year	*Fatal injuries*	*[1]Total injuries*
1992–93	339	161,675
1993–94	296	155,734
1994–95	272	160,844
1995–96	258	150,968
1996–97[2]	287	155,582

[1] Including fatal, major and those leading to more than three days incapacity for work.

[2] Provisional. Finalised figures will be available in early 1998.

HSE gets to know of virtually all workplace deaths, but non-fatal injuries are subject to under-reporting. To estimate the reporting levels HSE included a set of questions in the Labour Force Surveys in 1993–94, 1994–95 and 1995–96. The results of these surveys combined estimate that around 424,000 reportable non-fatal injuries to workers occur annually, giving a reporting level for RIDDOR of about 40 per cent.

From responses to a special set of questions in the 1990 Labour Force Survey, which is based on self reporting, it has been estimated that in the 12 months prior to the survey, 2.2 million people in England and Wales suffered from an illness which they believed had been caused or made worse by their work.

In terms of detailed reporting of occupational illness, there is no one single fully reliable source. The Health and Safety Executive makes use of a range of sources to produce figures for ill-health for the Health and Safety Commission's annual publication "Health and Safety Statistics". I will send the hon. Member a copy of the most recent report.

Drinking Water Inspectorate

Mr. Geraint Davies: To ask the Secretary of State for the Environment, Transport and the Regions when the Seventh Annual report of the Drinking Water Inspectorate will be published. [7401]

Mr. Meacher: The Drinking Water Inspectorate will publish its seventh Annual Report on Tuesday 8 July.

The Inspectorate will also publish two leaflets for consumers. "How Good is Your Drinking Water?", will summarise the main points of the Report. "About Your Water Company" will give brief details of the quality of drinking water supplied by individual water companies.

Copies of the Report and leaflets will be placed in the Library of the House.

Single Regeneration Budget Challenge Fund

Mr. Lawrie Quinn: To ask the Secretary of State for the Environment, Transport and the Regions when he intends to publish the guidance for Round Four of the Single Regeneration Budget Challenge Fund. [7160]

Mr. Caborn: The Government is issuing today supplementary guidance for Round 4 of the Single Regeneration Budget Challenge Fund. The guidance describes the Government's policies and priorities for the Challenge Fund, which are:

- a requirement that proposals for funding contribute to the Government's Manifesto commitment to carry out a concerted attack against the multiple causes of social and economic decline, and fit with its new policies, including those relating to employment, including child care provision, education, crime, housing, public health and sustainable development;
- a greater emphasis on tackling the needs of communities in the most deprived areas;
- a requirement that proposals should take account of existing strategies for promoting economic development and tackling deprivation; and
- a requirement for a more collaborative approach between those preparing proposals, their partners and Government Offices for the Regions in order to arrive at a shared understanding of regeneration needs and priorities, and to stimulate fresh thinking.

In addition to the supplementary guidance, each Government Office for the Region has issued its own regional guidance for the purposes of Round 4 of the Challenge Fund. This is intended to give extra help to bidders in putting together their proposals. Government Offices for the Regions will also be setting up small Advisory Panels to help them in considering Round 4 bids. These panels will have, amongst others, representatives from the business sector, local authorities and the voluntary sector.

Copies of the supplementary guidance have been placed in the Library of the House.

Bletchley to Bicester Railway Line

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions when he expects to evaluate proposals relating to the future of passenger and freight services on the Bletchley to Bicester line. [6604]

Ms Glenda Jackson: I refer my hon. Friend to my answer of 20 May, *Official Report*, column *49*.

Barking to Gospel Oak Rail Services

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions when he expects to receive proposals for the introduction of new rolling stock on the Barking to Gospel Oak line. [6605]

Ms Glenda Jackson: As part of its Franchise Agreement with the Franchising Director, National Express Group PLC has committed to replacing all of North London Railways' Mark 1 trains currently in use on the Gospel Oak–Barking line with new or refurbished rolling stock by the 1999 summer timetable.

Roads Expenditure

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions what was the capital expenditure in each borough on roads in each of the last five years; and what expenditure is planned for *(a)* the current year and *(b)* 1998–99. [6610]

Ms Glenda Jackson: The following table shows the latest information which has been provided to my Department on capital expenditure on roads by London borough councils. The figures for 19976–98 show local authorities' bids for funding, which remain the best available estimates of planned expenditure in that year.

Capital expenditure in each London borough on roads for 1992–93 to 1998–99

(Includes major and minor highway works, but excludes structural maintenance)

London boroughs	*Capital expenditure from 1992–93 to 1998–99 in £000*						
	Out-turn 1992–93	*Out-turn 1993–94*	*Out-turn 1994–95*	*Out-turn 1995–96*	*Budget 1996–97*	*Bid 1997–98*	*Estimated 1998–99*
Barking and Dagenham	1,558	522	173	175	174	565	0
Barnet	0	0	1,110	545	1,997	1,154	1,750
Bexley	2,850	3,642	5,979	11,440	8,924	7,388	4,813
Brent	1,584	414	925	2,107	2,261	6,855	6,797
Bromley	4,900	1,441	2,138	11,064	13,845	15,159	1,472
Camden	0	0	494	2,247	3,406	2,739	2,168
Croydon	250	1,422	5,090	2,906	1,636	3,323	1,847
City of London	0	0	1,365	2,237	4,181	975	2,141
Ealing	1,139	337	1,236	1,581	1,339	2,830	2,154
Enfield	6,952	3,964	1,373	876	1,930	1,503	3,917
Greenwich	21	94	3,105	4,713	6,342	9,751	3,559
Hackney	912	1,334	3117	305	277	605	350
Hammersmith and Fulham	0	0	2,577	1,543	1,438	1,400	1,300
Haringey	1,047	517	2,416	1,976	2,138	3,786	4,126
Harrow	6,310	5,370	4,103	5,580	4,844	6,099	799
Havering	12	120	1,717	654	1,961	2,138	1,080
Hillingdon	7,868	4,546	2,558	5,340	3,911	1,647	1,636
Hounslow	458	2,947	4,759	2,794	2,468	3,300	2,395
Islington	0	0	2,066	1,603	1,228	5,578	5,489
Kensington and Chelsea	605	527	871	584	1,296	1,354	857
Kingston upon Thames	1,350	409	1,966	5,532	5,905	13,147	10,283
Lambeth	0	0	470	1,654	1,047	4,125	1,700
Lewisham	8,474	8,304	8,528	6,395	4,034	3,098	1,398
Merton	1,191	2,790	2,611	2,161	1,006	2,652	1,720
Newham	4,470	2,973	3,611	3,022	3,456	3,984	1,297
Redbridge	14	0	1,618	5,280	6,615	1,882	1,972
Richmond upon Thames	0	0	766	598	531	907	653
Southwark	3,079	1,638	1,965	2,009	1,839	2,028	1,468
Sutton	179	585	1,782	1,861	1,250	3,119	4,910

Capital expenditure in each London borough on roads for 1992–93 to 1998–99

(Includes major and minor highway works, but excludes structural maintenance)

London boroughs	*Capital expenditure from 1992–93 to 1998–99 in £000*						
	Out-turn 1992–93	*Out-turn 1993–94*	*Out-turn 1994–95*	*Out-turn 1995–96*	*Budget 1996–97*	*Bid 1997–98*	*Estimated 1998–99*
Tower Hamlets	76	524	1,226	2,225	1,521	3,518	3,442
Waltham Forest	486	224	1,342	866	734	2,217	4,027
Wandsworth	804	387	4,814	2,632	3,775	3,844	2,065
Westminster	961	2,389	5,443	3232	6,480	5,901	8,245

A27 Polegate Bypass

Mr. Baker: To ask the Secretary of State for the Environment, Transport and the Regions if he will list those bodies and individuals his Department intends to consult before reaching a decision on the future of the A27 Polegate bypass. [6783]

Ms Glenda Jackson: Full public consultation was carried out on this scheme during its preparatory stages. No further consultation is planned for this and other schemes in the accelerated review. The decision will be announced shortly.

London Transport Buses

Dr. Marek: To ask the Secretary of State for the Environment, Transport and the Regions if he will follow principles of freedom of information and public accountability in respect of his dealings with London Transport Buses. [6993]

Ms Glenda Jackson: Yes. It is for London Transport Buses to decide however, what information it would be appropriate for them to release abut their own activities.

Dr. Marek: To ask the Secretary of State for the Environment, Transport and the Regions what is his policy in respect of standards of service on London Transport Buses. [6994]

Ms Jackson: I have recently set tough new quality of service targets to improve the performance of London Transport bus services. These are as follows:

Measure	*1997–98 New targets*
Mileage operated (excluding miles lost due to traffic congestion)[1]	99.0
High frequency services—excess waiting time[2]	1.5 minutes
Low frequency services—percentage of services	
Departing on time	74.0 per cent.
Departing early	4.0 per cent.
Percentage of Night Bus services departing on time	65.0 per cent.
Customer satisfaction (score out of 100)	
Condition of bus stops/shelters	57
Internal cleanliness of buses	63
External cleanliness of buses	55
Staff helpfulness	66
Bus station environment	71
Bus station information	68

Notes:

[1] This measure reflects the extent to which bus services are cancelled or cut short.

[2] A measure of how much longer passengers have to wait, on average, than if all the buses ran on time.

London Underground

Mr. Baker: To ask the Secretary of State for the Environment, Transport and the Regions if it is his policy not to transfer majority control of the London underground to the private sector. [6896]

Ms Glenda Jackson: We have ruled out the wholesale privatisation of London Underground proposed by the previous Government. We are now examining a number of public-private partnership options, in accordance with our Manifesto, to see how we can best secure an affordable, reliable, clear and modern network.

EDUCATION AND EMPLOYMENT

TECs

Mr. Baker: To ask the Secretary of State for Education and Employment, pursuant to his answer of 24 June, *Official Report*, column *443*, if he will list the elected members of local authorities who have places on the boards of TECs. [6301]

Dr. Howells *[holding answer 1 July 1997]:* The following list contains the names of 41 directors notified to the Department by the English TECs as being members of their local authority. A further 119 directors are officials of local authorities; most being chief executives or directors of education. The Department is aware that a number of other directors appointed from the business community may also be elected members of local authorities but such information is not held centrally.

List of elected members of local authorities

	Name	*Local authority*	*Position*
AZTEC	John Tilley	Royal Borough of Kingston	Leader of the Council
Barnsley and Doncaster	Stephen Houghton	Barnsley MBC	Leader
Birmingham	Andrew Howell	Birmingham City Council	Councillor
Bradford and District	Ruth Redfern	Community and Environmental Services	Committee Chair
Calderdale and Kirklees	Pam Warhurst	Metropolitan Borough of Calderdale	Leader
Calderdale and Kirklees	John Harman	Kirklees MBC	Leader
CEWTEC	Phil Davies	Wirral Borough Council	Councillor
Devon and Cornwall	Margaret Garton	West Devon Borough Council	Councillor
ELTEC	Kath Reade	Burnley Borough Council	Leader
ELTEC	Howel Jones	Ribble Valley Borough Council	Leader

List of elected members of local authorities

	Name	*Local authority*	*Position*
ELTEC	Malcolm Doherty	Blackburn Council	Leader
Greater Nottingham	Martin Gawith	Nottinghamshire County Council	Leader
Hereford and Worcester	Dan Wicksteed	Hereford and Worcester City Council	Chairman
Leeds	Brian Walker	Leeds City Council	Leader
North Derbyshire	Geoff Carlile	Derbyshire County Council	Chairman
North Nottinghamshire	Valerie Dickinson	Bassetlaw Hospital and Community Services	Chair
North Nottinghamshire	Richard Dix	Newark and Sherwood District Council	Councillor
North Nottinghamshire	Fred Riddell	Nottinghamshire County Council	Chair of Education
Oldham	Brian Mather	Oldham MBC	Elected Member
Oldham	John Johnson	Oldham MBC	Dep. Leader
Oldham	James Greenwood	Oldham MBC	Chairman
Sandwell	Tarsem King	Sandwell MBC	Chairman
Sheffield	Bill Jordan	Sheffield City Council	Chairman
Sheffield	Jan Wilson	Sheffield City Council	Chair of Education
SOLOTEC	Jim Mallory	London Borough of Lewisham	Leader
South and East Cheshire	Edward Cutler	Macclesfield Borough Council	Councillor
Southern Derbyshire	Robert Jones	Derbyshire County Council	Deputy Leader
Southern Derbyshire	Simon Tollervey	Amber Valley Borough Council	Leader
St. Helens	Michael Doyle	St. Helens MBC	Deputy Leader
Stockport and High Peak	John Bull	Derbyshire County Council	Councillor
Teesside	Bryan Hanson	Hartlepool Borough Council	Leader
Tyneside	Leslie Elton	Gateshead MBC	Councillor
Tyneside	Peter Haigh	South Tyneside MBC	Councillor
Wakefield	Colin Croxall	Wakefield Metropolitan Borough Council	Leader
West London	Alan Parker	London Borough of Ealing	Chair of Education
Wigan	Fred Walker	Wigan Metropolitan Borough Council	Chairman
Wigan	Peter Smith	Wigan Metropolitan Borough Council	Leader
Wight	Morris Barton	Isle of Wight County Council	Leader
Wolverhampton	Mulkinder Jaspal	Wolverhampton MBC	Chairman
Wolverhampton	Roger Lawrence	Wolverhampton MBC	Deputy Leader
Wolverhampton	John Evans	South Staffordshire Council	Chairman

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Education and Employment if he will publish his Departments's submissions relating to freedom of information legislation. [6039]

Dr. Howells *[holding reply 2 July 1997]:* I refer the hon. Member to the reply given by my right hon. Friend the Prime Minister on 4 July, *Official Report*, column *293–94*.

School Furniture

Mrs. May: To ask the Secretary of State for Education and Employment what research his Department has *(a)* conducted and *(b)* commissioned on the appropriate furniture to be used in schools to reduce back problems in children. [6820]

Mr. Byers: The Department has a long history of commissioning research into appropriate furniture for schools, to reduce the problems associated with muscular strain and bad posture. Research commissioned by the Department's Architects and Building Branch in the 1970s and 1980s was written up and published as Building Bulletins on pupils' sizes and the heights and working dimensions of furniture.

More recently, the Department commissioned research on the suitability of information technology furniture for children in primary schools, which prompted a practical design project and an information video for LEAs, schools and designers. We are currently considering the possibility of commissioning new research in a number of areas related to the design of schools' furniture.

Mrs. May: To ask the Secretary of State for Education and Employment what guidance his Department has issued to (i) local education authorities and (ii) schools on the type of chairs to be used in schools to reduce the risk of back problems among children. [6819]

Mr. Byers: To minimise the risk of discomfort or injury to school pupils, it is important that all school furniture—not only chairs—is designed carefully to meet the needs of those who will use it. The Department has published general guidance in Building Bulletin 62, which gives data on the size, weight and body dimensions of school pupils, and Building Bulletins 38,50, and 52, which cover the heights and working dimensions of school furniture, including chairs. Last year the Department's Architects and Building Branch produced, as examples of good practice, a new design for a computer table to meet the particular needs of younger children, and a video on information technology furniture in both primary and secondary schools. Two recent publications include detailed dimensions and specifications for furniture used in specific subjects at secondary level: Building Bulletin 80 (Science) and Building Bulletin 81 (Design and Technology). Guidance on other subject areas will follow soon.

Undergraduate Courses

Ms Hodge: To ask the Secretary of State for Education and Employment if he will list *(a)* in total and *(b)* for each institution funded through the HEFC for England, the average costs to public funds, excluding maintenance costs, of teaching undergraduate courses (i) by fee band and (ii) overall. [6499]

Dr. Howells: The information is not available in the form requested. The table gives a total figure for fee income, by fee band, total number of full-time undergraduates, total teaching grant and non-formula funding for 1996–97 for institutions in England overall, and the same information for individual institutions.

1996–97 Teaching grant and fee income for full-time students

	Fee income 1996–97				*Teaching grant 1996–97*		
Institution	*Band 1*	*Band 2*	*Band 3*	*Total number of FTUG students*	*Undergraduate*	*Postgraduate*	*Non-formula funding 1996–97*
England total	205,978,710	582,527,637	30,284,800	649,534	1,662,413,025	150,861,459	110,039,472
Anglia Polytechnic University	3,009,750	5,827,200	0	7,655	15,501,339	212,249	878,600
Ashton University	1,399,500	2,428,800	0	3,384	10,158,348	760,747	408,652
University of Bath	1,168,500	3,721,600	0	3,884	11,247,034	763,461	469,850
Bath College of HE	498,000	1,436,800	0	1,562	3,393,943	85 616	214,228
University of Birmingham	3,717,810	9,070,272	1,842,400	11,284	30,959,266	4,595,548	1,036,009
Birkbeck College	12,000	8,000	0	21	79,662	689,543	1,563,000
Bishop Grosseteste College	49,500	80,000	0	116	211,763	0	0
Bolton Institute of HE	1,110,323	3,044,384	0	3,383	8,113,968	1,001,592	165,383
Bournemouth University	1,671,750	6,099,200	0	6,041	12,834,872	424,223	182,154
University of Bradford	1,523,250	5,182,400	0	5,270	14,200,850	870,133	377,265
Bretton Hall	65,250	2,115,200	0	1,409	2,667,632	37,628	84,307
University of Brighton	1,559,250	5,923,200	0	5,781	16,241,462	403,452	398,666
University of Bristol	2,427,000	6,344,000	1,954,400	7,899	27,463,688	2,523,817	342,411
Brunei University	1,882,493	6,397,040	0	6,508	15,005,200	1,454,600	2,481,354
Buckinghamshire College of HE	1,659,000	3,769,600	0	4,568	9,763,728	196,874	83,500
University of Cambridge	3,542,250	7,112,000	1,338,400	9,646	30,564,724	5,101,770	–8,124,899
University of Central England	1,875,000	6,968,000	0	6,855	15,150,627	1,661,700	300,000
University of Central Lancashire	3,214,500	8,401,600	0	9,537	23,855,110	720,944	170,000
Central School of Speech and Drama	0	689,600	0	431	1,311,322	97,900	330,611
Canterbury Christ Church College	641,250	2,128,000	0	2,185	3,902,575	130,194	100,000
Cheltenham and Gloucester CHE	1,458,000	3,564,800	0	4,172	9,490,091	278,048	162,712
Chester College of HE	151,500	2,112,000	0	1,522	3,033,468	0	111,667
Chichester Institute of HE	569,250	1,387,200	0	1,626	3,759,749	23,703	10,000
City University	779,250	2,606,400	0	2,668	6,827,436	1,240,999	3,579,067
Coventry University	1,989,375	8,660,000	0	8,065	22,529,184	991,278	134,186
Cranfield University	31,500	460,800	0	330	1,185,500	7,840,900	663,670
Cumbria College of Art and Design	60,750	865,600	0	622	956,390	0	0
Dartington College of Arts	0	704,000	0	440	1,292,865	17,833	0
De Montfort University	3,269,250	13,521,600	0	12,810	30,941,103	1,935,675	279,400
University of Derby	2,508,750	5,956,800	0	7,068	11,262,606	169,309	121,440
University of Durham	2,672,588	5,689,440	0	7,119	16,674,281	1,376,429	918,312
University of East Anglia	2,448,000	2,470,400	0	4,808	11,319,988	1,119,381	512,677
University of East London	2,675,250	4,761,600	0	6,543	16,838,268	1,098,124	2,240,200
Edge Hill College of HE	642,000	1,883,200	0	2,033	4,158,684	27,490	181,132
Institute of Education	0	0	0	0	0	386,233	967,000
University of Essex	1,777,500	1,686,400	0	3,424	8,515,649	1,245,550	247,009
University of Exeter	2,203,500	4,171,200	0	5,545	14,704,934	908,504	396,984
Falmouth College of Arts	85,500	1,262,400	0	903	1,731,213	70,000	0
Goldsmiths College	822,000	2,200,000	0	2,471	6,294,314	1,028,566	1,792,000
University of Greenwich	2,071,380	6,558,080	0	6,861	18,324,853	1,700,029	3,288,100
The College of Guidance Studies	0	0	0	0	0	144,954	26,667
Harper Adams Agricultural College	61,500	2,126,400	0	1,411	4,088,441	56,436	206,133
University of Hertfordshire	2,144,250	8,608,000	0	8,239	21,894,361	1,085,527	1,262,979
Homerton College, Cambridge	5,250	11,200	0	14	64,467	0	0
University of Huddersfield	2,011,500	6,334,400	0	6,641	17,089,262	1,157,618	39,300
University of Hull	2,664,000	3,358,400	0	5,651	13,779,175	1,341,154	462,900
Imperial College	455,625	4,493,600	901,600	3,738	16,143,207	4,594,082	7,148,342
Keele University	2,267,250	852,800	0	3,556	6,913,874	622,196	150,000
University of Kent at Canterbury	2,621,250	2,449,600	0	5,026	11,676,374	1,305,558	235,333
Kent Institute of Art and Design	0	2,174,400	0	1,359	3,393,435	65,000	0
King Alfred's College, Winchester	806,400	1,177,280	0	1,811	2,665,238	25,542	100,000
King's College London	1,712,250	5,017,600	1,215,200	5,853	17,724,246	2,070,117	5,336,866
Kingston University	2,299,875	7,230,400	0	7,586	20,119,769	706,302	2,310,100
Lancaster University	2,547,375	3,741,440	0	5,735	12,668,029	1,755,857	257,960
La Sainte Union College of HE	490,500	699,200	0	1,091	2,131,190	0	100,000
University of Leeds	4,676,250	10,713,600	1,587,600	13,498	36,812,645	3,226,388	1,054,288
Leeds Metropolitan University	1,758,000	8,230,400	0	7,488	22,944,041	1,169,265	119,266
University of Leicester	2,470,500	3,467,200	1,038,800	5,832	16,206,515	1,907,803	383,244
University of Lincolnshire and Humberside	2,796,750	6,523,200	0	7,806	15,970,000	476,500	100,000
University of Liverpool	2,796,750	7,308,800	2,248,400	9,100	29,608,112	3,728,890	443,579
Liverpool Hope College	542,250	2,518,400	0	2,297	4,730,996	0	0
Liverpool John Moores University	2,485,500	9,726,400	0	9,393	23,408,985	1,431,513	172,517
University of London—Senate	317,250	0	0	423	1,146,680	755,789	9,976,587
Institute of Cancer Research	0	0	0	0	0	0	4,132,078
Charing Cross and Westminster MS	0	459,200	1,122,800	688	5,698,755	118,744	1,053,602
Royal Free Hospital School of Medicine	0	272,000	879,200	484	3,333,995	132,784	762,581

1996–97 Teaching grant and fee income for full-time students

Institution	Fee income 1996–97			Total number of FTUG students	Teaching grant 1996–97		Non-formula funding 1996–97
	Band 1	Band 2	Band 3		Undergraduate	Postgraduate	
United Medical and Dental Schools	0	816,000	2,100,000	1,260	9,310,597	475,493	2,023,581
London Business School	0	0	0	0	0	324,728	638,000
London School of Economics and Political Science	1,261,500	84,800	0	1,735	3,566,567	2,005,786	2,394,270
London Guildhall University	2,831,250	3,378,400	0	5,887	13,370,770	660,146	2,283,200
London School of Hygiene and Tropical Medicine	0	0	0	0	0	1,720,474	733,782
The London Institute	56,250	8,416,000	0	5,335	13,114,939	793,026	1,708,800
Loughborough University	1,500,750	6,920,000	0	6,326	17,235,304	1,429,516	211,667
Loughborough College of Art and Design	0	1,108,800	0	693	1,845,595	0	61,685
University of Luton	2,376,000	6,505,600	14,000	7,239	12,672,586	401,790	333,333
University of Manchester	4,641,000	8,915,200	2,534,000	12,665	37,757,260	3,319,606	2,459,326
UMIST	650,250	4,219,200	0	3,504	11,494,832	1,808,822	256,870
Manchester Metropolitan University	4,312,500	13,198,400	0	13,999	36,609,642	1,566,340	396,867
Middlesex University	4,460,250	8,292,800	0	11,130	22,240,317	1,464,730	2,139,084
Nene College	1,992,000	5,198,400	0	5,905	10,886,484	417,445	145,000
University of Newcastle upon Tyne	2,675,250	7,209,600	1,612,800	8,649	27,645,610	2,814,453	485,497
Newman College	85,125	277,600	0	287	507,950	4,627	50,059
University of North London	2,791,500	5,326,400	0	7,051	16,338,111	648,171	3,018,445
North Riding College	366,525	918,400	0	1,063	1,741,001	0	80,000
Northern School of Contemporary Dance	0	254,400	0	159	491,882	0	0
University of Northumbria at Newcastle	2,660,250	8,705,600	0	8,988	23,302,478	1,147,641	289,754
Norwich School of Art and Design	0	998,400	0	624	1,171,024	16,398	0
University of Nottingham	2,562,000	7,476,800	1,069,600	8,471	24,031,494	2,925,631	511,617
Nottingham Trent University	3,927,000	13,280,000	0	13,536	33,297,708	678,097	286,509
Open University	0	0	0	0	0	869,447	485,408
School of Oriental and African Studies	825,000	8,000	0	1,105	2,235,241	537,380	3,795,751
University of Oxford	4,645,500	5,419,200	823,200	9,875	29,621,831	5,546,726	–8,272,967
Oxford Brookes University	1,164,000	5,427,200	0	4,944	13,967,647	1,617,086	100,000
School of Pharmacy	0	449,600	0	281	1,063,768	226,124	488,134
University of Plymouth	2,743,500	12,627,200	0	11,550	26,725,301	1,061,934	481,055
University of Portsmouth	2,362,500	9,630,400	0	9,169	21,803,607	748,187	0
Queen Mary and Westfield College	1,563,000	3,728,000	1,954,400	5,112	21,295,677	1,811,184	5,100,496
Ravensbourne College	0	851,200	0	532	1,703,321	0	118,600
RCN Institute	0	105,600	0	66	238,978	0	338,300
University of Reading	2,010,750	5,206,400	0	5,935	13,842,948	2,232,850	419,547
College of Ripon and York St. John	739,500	1,734,400	0	2,070	4,100,900	0	0
Roehampton Institute	1,189,125	2,994,400	0	3,457	8,027,805	192,071	1,226,100
Rose Bruford College	0	692,800	0	433	1,142,468	0	81,700
Royal Academy of Music	0	441,600	0	276	2,000,628	780,771	0
Royal College of Art	0	0	0	0	0	5,345,909	463,000
Royal College of Music	0	524,800	0	328	1,832,040	608,818	73,038
Royal Holloway, University of London	1,590,000	2,780,800	0	3,858	9,737,840	1,011,487	1,674,000
Royal Northern College of Music	0	641,600	0	401	2,970,368	0	13,500
Royal Postgraduate Medical School	0	0	0	0	0	939,521	3,212,497
Royal Veterinary College	0	302,400	638,400	417	3,300,000	586,822	763,000
St. George's Hospital Medical School	0	473,600	1,302,000	761	5,552,303	100,065	1,063,271
College of St. Mark and St. John	350,303	916,688	0	1,040	2,032,510	62,267	100,000
St. Martin's College	465,750	1,241,600	0	1,397	2,584,530	58,279	0
St. Mary's College	454,875	1,220,000	0	1,369	2,944,255	0	307,600
University of Salford	1,824,000	10,756,800	0	9,155	23,566,311	394,385	428,500
University of Sheffield	3,204,720	9,010,965	1,489,600	10,437	29,561,577	2,950,693	310,350
Sheffield Hallam University	2,946,000	10,537,600	0	10,514	31,157,301	1,508,622	488,679
University of Southampton	2,388,938	7,324,160	1,072,400	8,146	23,273,428	2,916,234	508,222
Southampton Institute	2,680,500	8,344,000	0	8,789	16,017,516	189,283	100,000
South Bank University	1,688,250	6,844,800	0	6,529	19,369,438	1,494,067	4,203,200
Staffordshire University	2,836,950	9,093,040	0	9,466	22,232,708	708,612	350,000
University of Sunderland	2,133,000	8,411,200	0	8,101	18,389,743	630,923	239,207
Surrey Institute of Art and Design	76,500	3,323,200	0	2,179	4,173,154	35,000	202,867
University of Surrey	272,250	4,960,000	0	3,463	9,884,387	1,897,567	225,500
University of Sussex	2,231,250	4,176,000	0	5,585	13,598,504	1,707,025	179,780
University of Teesside	2,342,250	4,846,800	0	6,146	15,135,375	772,109	87,623
Thames Valley University	2,991,000	2,836,800	0	5,761	12,932,759	658,801	1,776,400
Trinity and All Saints	370,500	1,148,800	0	1,212	2,503,928	64,230	80,667
Trinity College of Music	0	499,200	0	312	1,389,810	249,903	0
University College London	2,062,500	6,030,400	1,545,600	7,071	23,522,324	5,404,634	8,533,134

1996–97 Teaching grant and fee income for full-time students

Institution	Fee income 1996–97			Total number of FTUG students	Teaching grant 1996–97		Non-formula funding 1996–97
	Band 1	Band 2	Band 3		Undergraduate	Postgraduate	
UCL—Eastman Dental Institute	0	0	0	0	0	533,695	278,322
UCL—Institute of Neurology	0	0	0	0	0	140,068	297,283
University of Warwick	3,142,013	3,224,000	0	6,204	13,863,168	2,114,325	346,560
Westhill College	246,750	273,600	0	500	914,165	34,945	0
University of Westminster	2,145,750	6,420,800	0	6,874	19,076,207	1,664,951	4,231,900
Westminster College, Oxford	192,750	0	0	257	519,390	0	241,886
University of West of England, Bristol	2,961,750	10,222,400	0	10,338	24,663,059	1,317,406	380,012
Wimbledon School of Art	0	550,400	0	344	1,080,002	0	105,200
University of Wolverhampton	3,196,500	8,668,800	0	9,680	24,072,708	879,273	311,200
Worcester College of HE	777,750	1,574,400	0	2,021	3,332,568	39,500	0
Writtle College	0	1,209,600	0	756	2,028,954	0	101,467
Wye College, University of London	53,250	612,800	0	454	1,238,200	312,034	50,000
University of York	1,713,210	3,174,928	0	4,269	11,221,997	1,409,525	224,968
Askham Bryan College	40,500	193,600	0	175	567,023	0	0
Berkshire College of Art and Design	0	393,600	0	246	520,208	0	4,300
Bedford College	0	56,000	0	35	113,725	0	0
Birmingham College	420,750	2,139,200	0	1,898	2,378,171	26,696	0
Blackburn College	343,500	246,400	0	612	744,458	0	0
Blackpool and Fylde College	95,250	1,534,400	0	1,086	1,757,432	0	0
Bournemouth and Poole College of AD	0	905,600	0	566	1,127,933	0	0
Bracknell and Wokingham College	0	3,200	0	2	65,197	0	1,500
Bradford and Ilkley Community College	806,250	1,659,200	0	2,112	3,476,208	1,954	0
Brooklands Technical College	40,500	60,800	0	92	81,663	0	7,000
Carlisle College	74,250	0	0	99	121,324	0	0
Chesterfield College of Technology	57,000	20,800	0	89	57,895	0	0
Chichester College of Arts, Science and Techology	0	43,200	0	27	73,536	0	300
City of Liverpool Community College	36,750	294,400	0	233	771,746	0	0
City College, Manchester	53,250	518,400	0	395	540,294	0	0
Cleveland College of Art and Design	0	569,600	0	356	556,974	0	0
Coalville Technical College	5,250	0	0	7	6,480	0	0
Cordwainers College	0	195,200	0	122	141,234	0	0
Coventry Technical College	0	148,800	0	93	423,122	0	0
Crawley College of Technology	27,750	33,600	0	58	201,886	0	400
Croydon College	273,000	507,200	0	681	1,258,407	0	97,600
Dewsbury College	37,500	364,800	0	278	538,912	0	0
Doncaster College	307,500	424,000	0	675	1,607,032	0	0
Farnborough College of Technology	356,250	1,233,600	0	1,246	2,133,765	0	0
Gloucester College of Art and Technology	0	174,400	0	109	268,802	0	0
Guildford College of FHE	99,000	180,800	0	245	607,288	0	6,200
Halton College of FE	34,500	240,000	0	196	375,153	0	0
Hammersmith and West London College	108,750	35,200	0	167	528,960	0	47,500
Harlow College	0	0	0	0	0	0	1,000
Havering College of FHE	0	211,200	0	132	418,377	0	45,200
Henley College	33,000	0	0	44	87,413	0	0
Herefordshire College of Art and Design	0	244,800	0	153	245,712	0	0
Herefordshire College of Technology	114,750	0	0	153	232,050	0	0
Highbury College, Portsmouth	108,750	0	0	145	360,910	0	0
Lackham College	0	40,000	0	25	76,528	0	0
Leeds College of Art and Design	0	409,600	0	256	399,520	0	0
Loughborough College	120,000	67,200	0	202	451,878	0	0
Mid-Kent College of HFE	160,500	494,400	0	523	1,358,100	0	0
North-east Worcestershire College	30,000	387,200	0	282	446,403	0	0
New College Durham	317,250	361,600	0	649	1,774,254	0	0
Newcastle College	171,750	1,910,400	0	1,423	1,994,598	0	0
Newham College of Further Education	0	182,400	0	114	287,519	0	17,100
North-east Surrey College of Technology	122,250	800,000	0	663	1,158,723	22,000	0
North Lincolnshire College	0	19,200	0	12	56,516	0	0
Northbrook College, Sussex	64,500	648,000	0	491	0	740,751	0
Northumberland College	0	64,000	0	40	162,729	0	0
The College of North West London	12,750	27,200	0	34	274,867	0	28,700
Oldham College of Technology	84,000	0	0	112	309,307	0	0

1996–97 Teaching grant and fee income for full-time students

Institution	Fee income 1996–97 Band 1	Band 2	Band 3	Total number of FTUG students	Teaching grant 1996–97 Undergraduate	Postgraduate	Non-formula funding 1996–97
Peterborough Regional College	43,500	65,600	0	99	132,756	0	0
Rycotewood College	0	163,200	0	102	282,730	0	0
Salisbury College	0	252,800	0	158	333,409	0	0
Sandwell College of FHE	36,750	200,000	0	174	404,048	0	0
The Sheffield College	20,250	185,600	0	143	416,743	0	0
Solihull College	32,250	380,800	0	281	341,172	0	0
South Tyneside College of FE	0	24,000	0	15	770,113	0	0
Southport College	0	62,400	0	39	124,338	0	0
Sparsholt College, Hampshire	0	339,200	0	212	486,542	0	0
St. Helens College	167,250	376,000	0	458	554,498	0	0
Stockport College of FHE	286,500	649,600	0	788	1,294,603	0	0
Suffolk College of FHE	747,810	1,463,520	0	1,912	1,908,499	0	0
Swindon College	58,500	376,000	0	313	489,384	0	0
Thurrock College	0	0	0	0	0	0	1,000
Trowbridge College	0	27,200	0	17	200,071	0	0
Wakefield College	49,500	52,800	0	99	176,637	0	0
Walsall College of Technology	0	38,400	0	24	64,023	0	0
Warrington Collegiate Institute	262,125	876,000	0	897	1,696,835	0	0
West Thames College	84,000	0	0	112	262,448	0	14,500
Westminster College, London	156,000	0	0	208	595,300	0	43,900
Wigan and Leigh College	220,500	564,800	0	647	877,136	13,942	0
Wirral Metropolitan College	195,000	267,200	0	427	503,641	0	0
Worcester College of Technology	94,500	185,600	0	242	339,815	0	0
York College of FHE	63,750	187,200	0	202	263,773	0	0

Source:
data96.fee__srvy, data96.redof, data95.nff.
Notes:
Only HEFCE grant and LEA funded fees are included.
The data excludes:
ITT and INSET; part-time, and sandwich year out students; Oxbridge college fees; recurrent funds for research; funding from other public sources, e.g. Health Authorities.
The fee rates used to obtain the fee income were:
Band 1 = £750
Band 2 = £1,600
Band 3 = £2,800
Undergraduates only were included in the fee income.

Geoffrey Chaucer School, London

Mr. Simon Hughes: To ask the Secretary of State for Education and Employment if he will list each of the *(a)* educational, *(b)* physical and *(c)* other improvements which must be made before Geoffrey Chaucer School, London SE1, ceases to be designated as a school needing special measures; and what is the earliest date by which he may end the designation of this school. [6813]

Mr. Byers: Her Majesty's Chief Inspector of Schools is statutorily responsible for determining when a school no longer requires special measures. I have asked Mr. Chris Woodhead to write to the hon. Member.

Teachers (Early Retirement)

Mr. Don Foster: To ask the Secretary of State for Education and Employment how many (i) headteachers, (ii) deputy headteachers and (iii) teachers took early retirement on the grounds of ill health in *(a)* 1995–96 and *(b)* 1996–97, (1) in total and (2) in each LEA; and if he will make a statement. [6831]

Mr. Byers: The table shows the number of teachers in service at 31 March 1995 awarded ill-health retirement in financial year 1995–96 and those awarded ill-health retirement in 1996–97 whose last day of reckonable service was 31 March 1996 or later. The table covers the maintained nursery, primary, secondary and special education sector in England.

Ill-health retirements[1] in financial year

	1995–96 Heads	Deputies	Classroom teacher	[2]1996–97 Heads	Deputies	Classroom teacher
City of London	0	0	0	0	0	0
Camden	0	*	19	*	*	14
Greenwich	*	0	16	*	0	19
Hackney	*	*	9	0	0	5
Hammersmith	*	0	17	7	*	6
Islington	*	*	5	*	0	7
Kensington and Chelsea	*	0	9	*	0	5
Lambeth	0	0	17	0	*	13
Lewisham	*	0	9	*	0	12
Southwark	*	0	13	*	*	8
Tower Hamlets	0	0	11	0	*	12
Wandsworth	0	*	11	*	0	14
Westminster	*	*	8	*	0	*
Barking	*	*	8	0	0	8
Barnet	*	0	18	*	0	11
Bexley	*	*	9	*	*	12
Brent	0	*	10	*	*	10
Bromley	7	0	12	*	*	14
Croydon	*	0	17	*	*	13
Ealing	0	*	11	*	*	5
Enfield	*	0	16	*	*	14
Haringey	6	*	7	*	*	22
Harrow	0	*	13	0	0	11
Havering	*	*	18	*	0	11
Hillingdon	0	*	9	0	*	*
Hounslow	*	*	19	0	*	14
Kingston upon Thames	*	*	13	0	*	*
Merton	*	*	*	*	*	6
Newham	0	0	11	0	*	21
Redbridge	*	0	7	*	0	*
Richmond upon Thames	*	0	8	0	0	6

Ill-health retirements[1] in financial year

	1995–96			[2]1996–97		
	Heads	Deputies	Classroom teacher	Heads	Deputies	Classroom teacher
Sutton	0	*	13	*	*	13
Waltham Forest	*	*	19	*	*	17
Birmingham	6	9	94	6	*	89
Coventry	0	*	26	0	*	27
Dudley	*	*	23	*	*	23
Sandwell	5	*	22	*	*	23
Solihull	0	*	12	*	*	20
Walsall	*	*	29	*	*	30
Wolverhampton	0	*	19	*	*	28
Knowsley	*	0	15	*	*	7
Liverpool	*	*	42	*	11	49
St. Helens	*	*	13	*	0	18
Sefton	*	*	25	*	*	29
Wirral	*	*	26	0	*	26
Bolton	*	*	20	*	*	21
Bury	*	*	17	*	*	20
Manchester	*	*	36	*	5	49
Oldham	*	*	18	*	0	37
Rochdale	5	*	28	*	0	19
Salford	0	*	21	*	*	25
Stockport	*	*	32	*	6	31
Tameside	*	*	22	7	*	17
Trafford	*	*	23	*	*	23
Wigan	*	5	23	*	5	30
Barnsley	0	5	16	*	*	21
Doncaster	*	*	25	*	*	21
Rotherham	*	*	14	*	*	18
Sheffield	6	*	32	*	*	41
Bradford	7	5	39	6	5	67
Calderdale	*	*	2L	5	*	18
Kirklees	*	*	39	5	9	48
Leeds	*	6	72	*	6	59
Wakefield	5	*	42	*	*	23
Gateshead	*	*	26	*	*	25
Newcastle upon Tyne	0	0	18	*	*	26
North Tyneside	*	*	9	*	0	19
South Tyneside	*	*	15	0	*	11
Sunderland	*	*	33	*	*	40
Isles of Scilly	0	0	0	0	0	0
Former Avon[3]	12	8	57	10	6	45
Bedfordshire	*	5	34	*	*	41
Berkshire	*	*	55	7	9	42
Buckinghamshire	5	*	44	6	*	45
Cambridgeshire	*	5	37	5	6	52
Cheshire	12	7	74	15	14	67
Former Cleveland[3]	5	11	76	*	5	86
Cornwall	12	7	35	15	7	44
Cumbria	5	9	34	*	5	30
Derbyshire	14	9	47	8	5	57
Devon	17	9	78	17	11	69
Dorset	6	0	50	6	*	59
Durham	6	11	85	6	7	67
East Sussex	8	5	37	8	*	50
Essex	9	14	110	12	8	116
Gloucestershire	5	*	32	7	*	40
Hampshire	11	12	129	16	18	132
Hereford and Worcester	12	8	59	14	7	66
Hertfordshire	*	*	75	12	12	56
Former Humberside[3]	6	13	86	12	9	123
Isle of Wight	*	0	16	0	*	8
Kent	26	11	131	15	13	119
Lancashire	24	20	175	18	15	129
Leicestershire	6	5	73	8	11	52
Lincolnshire	9	*	41	13	*	65
Norfolk	16	11	58	16	5	58
Former North Yorkshire[3]	7	5	39	7	8	59
Northamptonshire	6	5	68	8	8	44
Northumberland	5	*	26	6	*	16
Nottinghamshire	13	9	78	9	7	77
Oxfordshire	*	*	47	12	*	39
Shropshire	8	*	28	11	*	33
Somerset	15	6	49	13	5	37
Staffordshire	8	11	115	14	6	83
Suffolk	8	*	52	7	9	44
Surrey	7	5	50	9	7	75
Warwickshire	5	*	38	*	7	43
West Sussex	8	*	26	*	5	53
Wiltshire	5	*	38	9	6	44
England	483	381	3,753	520	393	3,778

[1] In order to avoid sensitive information about individuals being identified, numberS less than 5 are shown as asterisks.
[2] A small number of pensioners, probably less than 100, who retired in 1996–97, entered service after 31 March 1996.
[3] Includes the unitary authorities created as a result of Local Government Reorganisation.

NORTHERN IRELAND

Tourism and Hospitality Training

Mr. Roy Beggs: To ask the Secretary of State for Northern Ireland what action she proposes to ensure that Government funding for tourism and hospitality training in Northern Ireland matches that provided in Great Britain. [6137]

Mr. Worthington: Responsibility for the subject in question has been delegated to the Training and Employment Agency under its chief executive, Mr. Ian Walters. I have asked him to arrange for a reply to be given.

Letter from Ian Walters to Mr. Roy Beggs, dated 4 July 1997:

The Secretary of State for Northern Ireland has asked me, as Chief Executive of the Training and Employment Agency, to reply to your question about Government funding for tourism and hospitality training in Northern Ireland.

I regret I am unable to provide information which could be used to make a meaningful comparison between funding for tourism and hospitality training in Great Britain and Northern Ireland. Because of the very different arrangements which apply in the regions, the information could only be made available at a wholly disproportionate cost.

I can assure you however that the Training and Employment Agency is fully committed to supporting training within the tourism and hospitality industry which is treated as a top priority. Evidence of the Agency's commitment lies in the £7.2m which was spent during 1996/97 on a wide range of training programmes. This support included European Social Fund assistance amount to £2.4m administered by the Agency. Support was also made available through the Agency's Jobskills programme (£4m), the Company Development Programme (£0.5m), the Priority Skills Initiative (£0.24m) and the Sectoral Development Programme (£0.07m). In addition, over £3 m is being made available over two years from the European Union's Special Programme for Peace and Reconciliation.

I feel sure you will agree that the total level of assistance represents a very generous measure of support by any standard.

Inward Investment

Mr. Donaldson: To ask the Secretary of State for Northern Ireland what plans she has to review the prioritisation of areas of special need in Northern Ireland in terms of targeting inward investment. [5978]

Mr. Ingram: The recent report by the Standing Advisory Commission on Human Rights on employment equality included recommendations on job location. These will be considered carefully Government.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Northern Ireland if she will publish her Department's submissions relating to freedom of information legislation. [6037]

Mr. Paul Murphy *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to him by my Right hon. Friend the Prime Minister on Friday 4 July 1997, *Official Report* columns *293–94*.

Waste Imports and Exports

Mr. William Ross: To ask the Secretary of State for Northern Ireland what have been the amounts of waste *(a)* exported from Northern Ireland to (i) the Irish Republic and (ii) Great Britain and *(b)* imported form the Irish Republic to Northern Ireland; if he will indicate (1) the tonnages by categories and (2) the descriptions used in each of the last three years; and what are the estimates for (X) the current year and (Y) the next two years. [7150]

Mr. Paul Murphy: Responsibility for the subject in question has been delegated to the Environment and Heritage Service under its Chief Executive, Mr. Robert C. Martin. I have asked him to arrange for a reply to be given.

Letter from Robert C. Martin to Mr. William Ross, dated 7 July 1997:

The Secretary of State has asked me to reply to your Question about the import and export of waste.

The information is not held centrally and indeed district councils, the enforcement authorities for waste management in Northern Ireland, only collate statistics of movements of 'Special Waste' as defined.

I am sorry that I cannot be more helpful.

WALES

Conservation (Cardigan Bay)

Mr. Dafis: To ask the Secretary of State for Wales when he will make a statement on the objectives for the Cardigan Bay special area of conservation. [5851]

Mr. Win Griffiths: I refer the hon. Member to the reply I gave him on 26 June 1997, column *626*.

Housing Needs (Women)

Mr. Wigley: To ask the Secretary of State for Wales what role he plans for housing associations in Wales to meet the specific and special housing needs of women in Wales; what assessment he has made of the adequacy of Tai Cymru's plans for meeting these needs in its strategic programmes; and if he will make a statement. [5835]

Mr. Win Griffiths: It is for local authorities to assess and specify the varying needs within their areas in the annual housing strategy and operational plans. With effect from 1997–98, the developments funded out of Tai Cymru's capital programme have been determined by reference to each local authority's plan rather than by formula (Housing Needs Index) as in past years. Moneys from Tai Cymru also support the running costs of women's refuges.

Daily Post Article

Mr. Alan Williams: To ask the Secretary of State for Wales which journalists were present at the meeting with him on which David Rose's article of 16 May in the *Daily Post* was based. [7069]

Mr. Ron Davies: It is not my normal practice to release details of meetings held on Lobby terms between Ministers and journalists.

Bathing Beaches

Mr. Wigley: To ask the Secretary of State for Wales if he will issue guidelines to local authorities in Wales with regard to the need to ensure the safety of swimmers on bathing beaches from the dangers caused by *(a)* jet skis and *(b)* other fast pleasure boats; and if he will make a statement. [6952]

Mr. Win Griffiths: My right hon. Friend has no immediate plans to issue such guidelines. Local authorities have powers under section 76 of the Public Health Act 1961 to regulate seaside pleasure boats for the prevention of danger, obstruction or annoyance to persons bathing in the sea or using the seashore, and for the prevention and suppression of nuisances. An inter-departmental working party is undertaking a review of byelaw powers for the coast, and a discussion paper was issued in Wales in February 1997, in parallel with a similar exercise in England. We shall be considering whether existing powers are adequate as part of this review.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Wales if he will publish his Department's submissions relating to freedom of information legislation. [6038]

Mr. Ron Davies *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to him by my right hon. Friend the Prime Minister on Friday 4 July, *Official Report*, column *294*.

DEFENCE

Defence Review Seminars

Mr. Hancock: To ask the Secretary of State for Defence when he will announce the names of *(a)* those attending the Defence Review seminars and *(b)* the experts on the advisory panel. [6354]

Dr. Reid: The names of participants at the Strategic Defence Review seminars are being released on the days that the seminars take place. We expect to announce the names of the members of the advisory panel later in the summer.

Falklands

Mr. Gordon Prentice: To ask the Secretary of State for Defence, what was the cost of maintaining the Falklands garrison in each of the last three years. [4862]

Dr. Reid *[pursuant to his written reply 24 June 1997 Official Report, column 424]:* I regret that there was an error in the figure given for the outturn cost for financial year 1995–96 to my hon. Friend the Member for Pendle on the cost of the Falkland Islands Garrison. The figure should have been £66.5 million and not £70 million.

Parliamentary Armed Forces Scheme

Mr. Mackinlay: To ask the Secretary of State for Defence if he will make a statement on the future of the parliamentary armed forces scheme. [6415]

Mr. Spellar: We place great value on the armed forces parliamentary scheme as a way of promoting a better understanding of the armed forces by parliamentarians, and pay tribute to those hon. Members who have so far participated and to Sir Neil Thorne and the scheme sponsors. We are actively considering the options for enhancing the scheme and a letter will be sent to all Members shortly inviting them to participate; and that it will recommence as soon as practicable.

Defence Diversification Agency

Mr. Collins: To ask the Secretary of State for Defence when he expects the Defence Diversification Agency to be established. [6422]

Mr. Spellar: I refer the hon. Member to the answer I gave to the hon. Member for Halifax (Mrs. Mahon) on 16 June 1996, *Official Report*, columns *11–12*.

Ship Workers

Mr. Dismore: To ask the Secretary of State for Defence what was the average number of (i) civilian staff and (ii) uniformed service men working in HM dockyards on shipbuilding or ship repairing duties for each year between 1967 and 1985. [6494]

Mr. Spellar: We do not retain detailed records of staff numbers over these years but the numbers of civilian and uniformed personnel in HM Dockyards in 1967–1985 as recorded in relevant Statements of Defence Estimates were as follows:

Year	*Uniformed*	*Civilian*	*Note*
1967	190	47,300	1
1968	210	46,500	2
1969	200	44,600	2
1970	[1]—	49,200	3
1971	[1]—	49,000	3
1972	[1]—	41,600	3
1973	[1]—	41,300	3
1974	[1]—	41,300	3
1975	100	35,900	4
1976	100	34,700	4
1977	100	35,400	4
1978	100	34,900	4
1979	100	34,200	4
1980	100	33,800	4
1981	100	32,800	4
1982	100	28,800	4
1983	100	25,600	4
1984	[1]—	23,500	4
1985	[1]—	18,500	4

[1] Not known.

1. Includes aircraft repair yards and port auxiliary service.
2. Includes aircraft repair yards.
3. Figures presented on a different basis to cover all civilians involved in production and repair.
4. Figures cover HM dockyards only.

Former Yugoslavia

Mr. Key: To ask the Secretary of State for Defence if he will list the total costs to date to public funds of the United Kingdom contingent of the Stabilisation Force in the former Yugoslavia; and what estimate he has made of the future costs. [6755]

Dr. Reid: The total cost of the United Kingdom contingent of the Stabilisation Force in the former Yugoslavia up to 31 March 1997 was £22.3 million. It is estimated that costs of around a further £190 million will be incurred in this and future years for the 18 month deployment which began on 20 December 1996, immediately following the ending of the mandate of the Implementation Force.

Strategic Defence Review

Mr. Key: To ask the Secretary of State for Defence if he will list the dates and attendees by Department and grade of meetings of officials which have taken place in his Department on the strategic defence review. [6760]

Dr. Reid: No. A considerable number of meetings has taken place on the strategic defence review. Information on dates and attendees is not held centrally and could be provided only at disproportionate cost.

Mr. Key: To ask the Secretary of State for Defence by what means he will announce the results of his strategic defence review. [6685]

Dr. Reid: The outcome of the strategic defence review will be published in a White Paper.

Mr. Key: To ask the Secretary of State for Defence if he will list the members, with their current occupations, of

the panel of external experts advising him on the strategic defence review. [6773]

Dr. Reid: The advisory panel of experts has not yet been formed. We expect to announce the names of members later in the summer.

Mr. Key: To ask the Secretary of State for Defence if the corporate research programme will be included in the strategic defence review. [6841]

Dr. Reid: The strategic defence review is foreign policy led and will ensure that we are getting the best possible defence output from available resources. The Corporate Research Programme is an important resource and will accordingly be included in the review at the appropriate stage.

Peacekeeping Forces

Mr. Stunell: To ask the Secretary of State for Defence if the defence review will include consideration of the costs and value of contributing to international peacekeeping forces; and if he will make a statement. [6642]

Dr. Reid: The contribution that the armed forces make to the international peacekeeping will be taken fully into consideration in the strategic defence review, both in setting the policy baseline and in deciding how the armed forces should be structured, equipped and deployed to meet our national interests and commitments.

1 Armoured Division (Transfer)

Mr. Key: To ask the Secretary of State for Defence what is the estimated cost of transferring the 1 Armoured Division from Germany to the United Kingdom. [6763]

Dr. Reid: No reliable estimate of the cost of withdrawing 1 (UK) Armoured Division from Germany to the United Kingdom is currently available.

Departmental Advisers

Sir Richard Body: To ask the Secretary of State for Defence what are the terms on which Mr. Bernard Gray has been appointed as his special adviser. [7066]

Mr. Robertson: I refer the hon. Member to the reply I gave my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on 25 June, *Official Report*, column *546*.

Homosexuals

Mr. Baker: To ask the Secretary of State for Defence what is his policy on the ban on homosexuals in the armed forces. [6903]

Dr. Reid: The issue of homosexuality in the armed forces is reviewed as a matter of course in every Parliament. The Government will form a view on the weight of the evidence, taking account of the UK's laws, and of the views of the European Court, and of the armed forces. The Government will start with the position agreed in the last Parliament, which supported the policy of excluding homosexuals from the services, and will look in detail at the findings of the detailed review of the policy which was undertaken by this Department in 1995–96. Ministers will then seek to establish the way forward in consultation with the Chiefs of Staff.

Workers (Exposure to Chemicals)

Mr. Livingstone: To ask the Secretary of State for Defence what follow-up medical checks have been carried out on workers who were employed at the former chemical warfare plant at Nancekuke in Cornwall; and what research has been carried out to assess the long-term effects on the health of workers who were exposed to chemicals during their employment ant Nancekuke. [6360]

Mr. Spellar: This is a matter for the Chief Executive of the Defence Evaluation and Research Agency. I have asked the Chief Executive to write to the hon. Member.

Letter from J. Chisholm to Mr. Ken Livingstone, dated 7 July 1997:

I have been asked to reply to your question about follow-up medical checks on workers who were employed at the former Chemical Defence Establishment at Nancekuke Cornwall, since this was an outstation of the Chemical & Biological Defence Sector at Porton Down which is now part of the Defence Evaluation and Research Agency of which I am Chief Executive.

The Chemical Defence Establishment Nancekuke closed in 1980, following a decision taken in the 1976 Defence Review. On closure its staff were either transferred elsewhere in the public service or left on voluntary early retirement or redundancy terms, since the large majority had arranged other employment.

All the work at the site when it was operational would have been conducted according to the appropriate health and safety guidelines. The records do not show that any formal follow-up medical checking system to monitor the subsequent health of former employees were put in place at the closure of the establishment. I assume this would have been because staff would not have been generally exposed to chemical agents and it would not therefore have been felt necessary to carry out routine follow-up checks.

The records that have been retrieved for Nancekuke indicate that for at least part of the pre-closure period during which equipment was being decontaminated and dismantled staff were subject to daily medical monitoring. There is also earlier evidence that as a result of the intervention of the local MP, the Registrar General conducted a statistical medical survey to trace all the deaths up to 1969 of all the persons employed at Nancekuke. His conclusion was that mortality rates were generally lower than the national average. This information was published in answer to a Parliamentary Question on 2 November 1970.

HOME DEPARTMENT

Closed Circuit Television

12. **Mr. Ian Bruce**: To ask the Secretary of State for the Home Department what representations he has received from councils in Dorset in respect of the provision of CCTV. [5518]

Mr. Michael: I have received no representations from Dorset councils in respect of the provision of CCTV. I understand that Dorset councils submitted a total of six bids in the three rounds of the CCTV Challenge Competition and that one of these was successful.

Crime Prevention

21. **Mr. Etherington:** To ask the Secretary of State for the Home Department what steps he intends to

take to ensure that crime prevention is given a higher priority. [5530]

Ms Atherton: To ask the Secretary of State for the Home Department if he will make a statement on the Government's plans to ensure that crime prevention is given increased priority. [5506]

Mr. Michael: We are determined to raise the profile of crime prevention across the board. It makes far more sense to stop a crime happening than to have to pick up the pieces afterwards.

One of our first priorities is to place a new duty on local authorities and the police service together to develop statutory local partnerships for crime prevention and community safety and, with the key partners, to agree local community safety targets. Our proposals—which we hope to include in the Crime and Disorder Bill to be published later this year—will be developed on the basis of full consultation with all interested parties.

Mr. Clapham: To ask the Secretary of State for the Home Department if he will list Government expenditure on crime prevention including policing for each of the last five years. [7119]

Mr. Michael: Previously published figures for estimated Government expenditure on crime prevention are as follows:

1992–93: £225.5 million

1993–94: £241.3 million

1994–95: £260 million

Since April 1995, crime prevention projects have been eligible for Government funding under the Single Regeneration Budget (SRB) Challenge Fund. Expenditure on crime prevention within this budget is not separately identified. Of the 372 projects funded under rounds one and two of the SRB process, 183 (which will receive £1.4 billion in total) include a crime prevention element.

Overall expenditure on policing for the last five years is as follows:

1993–94: £6,027 million

1994–95: £6,271 million

1995–96: £6,494 million

1996–97: £6,867 million (estimated outturn)

1997–98: £7,163 million (planned).

Crime prevention is an integral part of policing and expenditure is not separately identified.

European Convention on Human Rights

24. **Mr. Desmond Browne:** To ask the Secretary of State for the Home Department if he will make a statement on his plans to incorporate into British law the European convention on human rights. [5533]

Mr. Mike O'Brien: We will introduce a Bill for this purpose in this Session of Parliament.

New Prisons

25. **Mr. Whittingdale:** To ask the Secretary of State for the Home Department how many new prisons are intended to be built over the next three years; and if he will make a statement. [5534]

Ms Joyce Quin: There are currently three new prisons being built under the Private Finance Initiative: HMP Altcourse (Liverpool), HMP Parc (Bridgend) and HMP Lowdham Grange (near Nottingham).

The Prison Service has plans and funding (under the PFI) to provide a further 2,400 places at new prisons over the next three years. Planning approval has been given to re-build HMP Pucklechurch, near Bristol, as a 400-place prison for males under 21. Planning approval has also been given to build an 800-place prison at Agecroft in Salford. The remaining 1,200 places will be provided by two more prisons once suitable sites have been agreed.

Anti-social Behaviour

26. **Mr. Olner:** To ask the Secretary of State for the Home Department what plans he has to deal with criminal anti-social behaviour in neighbourhoods. [5535]

Mr. Michael: We intend to introduce Community Safety Orders in the Crime and Disorder Bill.

Courts will be given the power to grant such orders on the application of a local authority or the police. The order will apply to a named individual or individuals and would prevent that person or persons from continuing with specified anti-social conduct.

A breach of the order will be a criminal offence which would carry stiff penalties—including the possibility of imprisonment.

Young People (Alcohol)

27. **Mr. Jim Cunningham:** To ask the Secretary of State for the Home Department what steps he is taking to reduce the pressures on young people to engage in under-age consumption of alcohol. [5536]

Mr. George Howarth: The Ministerial Group on Alcopops are considering a range of possible industry and Government measures to tackle under-age drinking. These include how alcohol is promoted to, and appeals to, young people and how it reaches them. We expect to make an announcement later this month.

Police

28. **Mr. Matthew Taylor:** To ask the Secretary of State for the Home Department how many police there are on average per head of population in *(a)* Cornwall and Devon and *(b)* England. [5537]

Mr. Michael: The Devon and Cornwall Constabulary has one police officer to 538 people. The average ratio for England is one officer to 413 people. This is based upon police numbers at 31 March and the latest known population figures, which are for June 1995.

Drugs and Crime

29. **Mr. Desmond Turner:** To ask the Secretary of State for the Home Department what plans he has to address the link between drugs and crime. [5538]

Mr. George Howarth: The Home Office has a research programme designed to shed further light on the

links between drugs and crime. In addition, a Home Office Drugs Prevention Initiative study is testing the impact of drug treatment interventions in the criminal justice system—from arrest through to sentence and beyond—to refer people with drugs problems to drug treatment programmes.

A new testing and treatment order will be introduced to give courts the powers to require drug misusing offenders to undergo treatment. The new order will be rigorously enforced and include the use of drug testing to ensure those in treatment are staying off illegal drugs.

The Government will also appoint an anti-drugs supremo to co-ordinate action against drugs. One of his or her first tasks will be to review urgently the existing drugs strategy, and to put forward proposals for tackling drug misuse and related crime with renewed vigour.

Bribery (Members of Parliament)

30. **Mr. Laxton:** To ask the Secretary of State for the Home Department if he will make a statement on his plans to make bribery of hon. Members an offence. [5539]

Mr. Michael: The Government are committed to tackling corruption in all areas of public and private life, including the bribery of hon. Members.

My right hon. Friend the Home Secretary published on 9 June a statement on reform of the corruption statutes for consultation. A copy is available in the Library. The Law Commission will be producing proposals for reform of the law in this area later in the year.

He will consider carefully the results of all of these exercises, together with any further recommendations which the Nolan Committee may make in relation to the criminal law.

He expects to make a further statement on the reform of the law in this area early next year.

Police and School Liaison

31. **Mr. Spring:** To ask the Secretary of State for the Home Department what plans he has to encourage greater liaison between police officers and school pupils. [5540]

Mr. Michael: My Department and the Department for Education and Employment are currently considering further means of encouraging effective liaison between the police and schools. I welcome the new Police Education Partnership which has just been launched between the Suffolk Education Department and Suffolk Constabulary.

Immigration Advisers

32. **Mr. Dismore:** To ask the Secretary of State for the Home Department what action he is taking to regulate immigration advisers. [5541]

Mr. Mike O'Brien: Our manifesto commits us to controlling unscrupulous immigration advisers. We are examining the options for delivering on this commitment, together with those principally involved. We shall issue a consultation paper as soon as possible.

Pub Opening Hours

33. **Mr. Fabricant:** To ask the Secretary of State for the Home Department if he will delegate the powers of determining pub opening hours to *(a)* local licensing magistrates or *(b)* local authorities; and if he will make a statement. [5542]

Mr. George Howarth: We have no present plans to delegate the setting of normal licensing hours.

Fire Safety

34. **Mr. John Cryer:** To ask the Secretary of State for the Home Department what plans he has to introduce measures to improve fire safety. [5543]

Mr. George Howarth: I refer my hon. Friend to the reply I gave to my hon. Friend the Member for Nottingham, East (Mr. Heppell).

Racial Harassment

35. **Ms Keeble:** To ask the Secretary of State for the Home Department what plans he has to deal with racial harassment. [5545]

Mr. Mike O'Brien: The Government intend to introduce new offences of racial harassment and violence. These will send out a strong message that racial crime is unacceptable and will act as a forceful deterrent. We will be working closely with all the relevant agencies to ensure that these measures are implemented, successfully.

Prisons (Crime)

Mr. Flynn: To ask the Secretary of State for the Home Department what new proposals he has to deter prisoners from engaging in criminal activity while in prison. [5527]

Ms Joyce Quin: A number of recent initiatives are intended to discourage criminal activity.

These include new systems and procedures designed to minimise the risk of prisoners making unauthorised communications with the victims of their crime, and efforts to curb drug misuse.

Young Offenders

Mr. Burnett: To ask the Secretary of State for the Home Department how many *(a)* boys and *(b)* girls aged under 18 years have been received into prisons and young offenders institutions in England and Wales following sentence or remand into custody in each of the last six years for which figures are available by (i) age of offender and (ii) category of offence; and if he will make a statement. [6329]

Ms Joyce Quin: The information requested is given in the attached tables.

Table 1: Receptions of remand prisoners aged 15–17 years into prisons in England and Wales, 1991–96

Year and type of custody	Aged 14		Aged 15		Aged 16		Aged 17	
	Males	Females	Males	Females	Males	Females	Males	Females
1991								
Untried	12	—	390	1	694	2	3,995	129
Convicted unsentenced	4	—	72	2	194	—	1,580	74
1992								
Untried	4	—	354	—	665	1	3,328	125
Convicted unsentenced	1	—	123	—	280	—	1,560	60
1993								
Untried	—	—	428	1	839	1	3,402	125
Convicted unsentenced	—	—	226	—	456	—	2,043	63
1994								
Untried	—	—	613	—	1,042	2	3,419	126
Convicted unsentenced	—	—	331	—	626	1	2,182	65
1995								
Untried	—	—	602	2	1,180	2	3,420	154
Convicted unsentenced	—	—	347	—	714	3	2,320	93
1996[1]								
Untried	—	—	685	—	1,253	2	3,727	154
Convicted unsentenced	—	—	401	—	827	3	2,567	93

[1] Provisional figures.

Table 2: Receptions of sentenced prisoners aged 15–17 into prisons in England and Wales, 1991–96

Offence	1991		1992		1993		1994		1995		1996	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Violence against the person	306	13	390	18	425	34	424	54	546	48	665	68
Sexual offences	45	1	33	—	47	—	33	—	46	3	62	—
Burglary	1,084	14	1,048	8	1,070	4	1,211	15	1,258	21	1,284	15
Robbery	268	18	296	15	330	22	378	28	521	28	704	40
Theft and handling	872	19	726	15	1,004	20	1,192	31	1,268	39	1,219	43
Fraud and forgery	2	—	5	3	4	3	10	—	8	—	14	2
Drugs offences	18	3	35	4	32	2	26	3	43	4	63	4
Other offences	538	8	543	6	555	15	625	13	721	20	789	31
Offence not recorded	480	20	251	11	97	2	72	5	94	3	271	11
Total	3,613	96	3,327	80	3,564	102	3,971	149	4,505	166	5,071	214

Mr. Burnett: To ask the Secretary of State for the Home Department which prisons and young offender institutions in England and Wales were holding girls aged *(a)* 15, *(b)* 16 and *(c)* 17 years on the latest date for which figures are available broken down by institution and age of prisoner; and if he will make a statement. [6331]

Ms Quin: The information requested is given in the attached table for 31 May 1997.

Girls aged 15–17 held in prisons and young offender institutions

Institution	Aged 15	Aged 16	Aged 17
Askham Grange	1	—	—
Brockhill	—	—	6
Bullwood Hall	3	5	10
Drake Hall	—	1	4
Eastwood Park	—	1	4
Highpoint	1	—	3
Holloway	1	2	11
Low Newton	—	—	3
New Hall	1	2	4
Risley	—	1	4
Styal	—	1	3
Total	7	13	52

Electoral Registers

Mr. Barnes: To ask the Secretary of State for the Home Department what estimate he has made of the costs of *(a)* compiling, *(b)* maintaining, *(c)* issuing and *(d)* using the electoral registers employed at the last general election. [6019]

Mr. George Howarth *[holding answer 1 July 1997]:* Figures on local authority spending on electoral registration are not held centrally, but the total cost of registration is generally estimated at about £40 million per annum.

Mr. Barnes: To ask the Secretary of State for the Home Department what estimate he has made of the number of people who were registered in more than one polling district area at the last general election; and if he will make a statement. [6021]

Mr. Howarth *[holding answer 1 July 1997]:* None. The information needed for such an estimate to be made is not available.

Mr. Barnes: To ask the Secretary of State for the Home Department what estimate he has made of the numbers of people whose names appear on current electoral registers who had died before the date of the last general election; and if he will make a statement. [6016]

Mr. Howarth *[holding answer 1 July 1997]:* None. Any figures for the total number of the deaths of all adults aged 17 and over in a given period would include a number whose names did not, for one reason or another, appear in the published electoral register.

Mr. Barnes: To ask the Secretary of State for the Home Department if he will make a statement on the extent of electoral registration at the last general election relative to each general election since 1979. [6017]

Mr. Howarth *[holding answer 1 July 1997]:* I refer my hon. Friend to the reply I gave to the hon. Member for Leicester, East (Mr. Vaz) on 12 June, *Official Report*, column *511*.

General Election

Mr. Barnes: To ask the Secretary of State for the Home Department if he will assess the effectiveness of electoral procedures relating to the last general election separately examining *(a)* publicity to encourage electoral registration, *(b)* accessibility of polling stations, *(c)* dissemination of papers relating to the election and *(d)* postal and proxy voting. [6010]

Mr. George Howarth *[holding answer 1 July 1997]:* When the time comes for a review of electoral procedures I will bear these matters in mind.

Prisons (Drug Testing)

Mr. Burnett: To ask the Secretary of State for the Home Department when he will publish the results of the studies commissioned by the Prison Service relating to the use of mandatory drug testing in prisons conducted by the University of Oxford Centre for Criminological Research and the national addiction centre. [6351]

Ms Joyce Quin: Results from both the University of Oxford research into staff and prisoner attitudes to drug misuse and mandatory drug testing and the national addiction centre research into patterns and trends of drug misuse revealed by mandatory drug testing are not expected before the spring of 1998. I would expect the results to be published as soon as practicable after that.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for the Home Department if he will publish his Department's submissions relating to freedom of information legislation. [6028]

Mr. Straw *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to him by my right hon. Friend the Prime Minister on 4 July, *Official Report*, column *294*.

Alcohol Sales (Minors)

Mr. Coaker: To ask the Secretary of State for the Home Department how many prosecutions there were for selling alcohol to those aged under 18 years *(a)* nationally and *(b)* in Nottinghamshire in each of the last five years; and if he will make a statement. [6560]

Mr. Michael: Information for 1991 to 1995 (latest available) is given in the table.

Number of defendants prosecuted for selling intoxicating liquor to persons under 18[1] in Nottinghamshire police force area and England and Wales 1991–1995

Area	*1991*	*1992*	*1993*	*1994*	*1995*
Nottinghamshire	11	—	1	—	2
England and Wales	309	195	156	137	198

[1] Section 169(1) of Licensing Act 1964.

Immigration Detainees

Mr. Ian Stewart: To ask the Secretary of State for the Home Department what is the daily cost to the Prison Service budget of keeping a detained asylum seeker in Strangeways Prison, Manchester. [6594]

Ms Joyce Quin: £52.

Animal Experimentation

Mr. Coaker: To ask the Secretary of State for the Home Department what response he has made to the representations he has received calling for greater openness in respect of the nature and types of animal experimentation in the United Kingdom; and what actions the Government are planning in this respect. [6580]

Mr. George Howarth: I have replied that section 24 of the Animals (Scientific Procedures) Act 1986 prohibits the disclosure of information provided confidentially in licence applications. These are assessed by Home Office inspectors, in whose expertise and integrity we have complete confidence. Annual statistics are published which provide detailed information on the nature and type of scientific procedures carried out on animals in each year. The report of the Animal Procedures Committee also sets out details of the operation of the Act.

Licensing Laws

Mr. Gordon Marsden: To ask the Secretary of State for the Home Department if he will review the operation of the present licensing laws, with particular reference to their operation in seaside towns and tourist areas on Sundays. [6578]

Mr. George Howarth: We are considering a number of licensing issues, including calls for a general review.

Air Rifles

Mr. Chaytor: To ask the Secretary of State for the Home Department what plans he has to review the current arrangements regarding the manufacture, distribution, marketing, sale and ownership of air rifles. [7110]

Mr. Michael: The Government will consider carefully whether changes are necessary on a wide range of firearms controls, including those on air weapons, in due course. We decided that the first priority for this session must be to resolve the outstanding issue of .22 handguns and to ensure that the legislation on handguns is properly in place as quickly as possible.

Sex Offenders Act 1997

Mr. Beith: To ask the Secretary of State for the Home Department when he intends to implement the Sex Offenders Act 1997; and if he will make a statement. [6919]

Mr. Michael: I refer the hon. Member to the answer I gave to the hon. member for Ashford (Mr. Green) on 30 June, *Official Report*, column *3*.

WPC Yvonne Fletcher

Mr. Dalyell: To ask the Secretary of State for the Home Department, pursuant to his answer of 23 June, *Official Report*, column *357–58*, for what reasons the police assessment of the film, "Murder at St. James's", will take over three months. [5591]

Mr. Straw: As I stated in my answer of 23 June, *Official Report* column *358*, the Metropolitan Police's review of the contents of the programme involves a good deal of detailed analysis of the extensive documentation already generated by their investigation.

Probation Officers

Mr. Boswell: To ask the Secretary of State for the Home Department what assessment he has made of the arrangements for the training of new probation officers, with particular reference to resourcing and qualifications; and if he will make a statement. [5631]

Ms Joyce Quin: I am currently considering the future recruitment and training of probation officers, taking account of a joint proposal produced by the Association of Chief Officers of Probation, the Central Probation Council and the National Association of Probation Officers, and I intend to make a statement in due course.

Immigration

Dr. Tonge: To ask the Secretary of State for the Home Department if same sex partners have the same rights as husbands and wives of British citizens under present immigration procedures. [5887]

Mr. Mike O'Brien: No. The Immigration Rules provide for the admission of married couples and of fiance(e)s who are expected to marry within a reasonable period of time. At present, the Rules do not provide for the admission of foreign nationals who are partners in same sex relationships.

Asylum Seekers

Mr. Corbyn: To ask the Secretary of State for the Home Department how many asylum applications were made for each of the last 24 months; and how many of these were made *(a)* at port of entry, *(b)* within one week of arrival, *(c)* within one month of arrival, *(d)* within three months of arrival and *(e)* later than three months after arrival. [6598]

Mr. Mike O'Brien: Information regarding the number of applications for asylum lodged in the United Kingdom, and on the length of time between arrival date and application date, for those who applied after having been previously granted leave to enter or remain under another section of the Immigration Rules, is given in the tables.

Table 1: Applications[1] received for asylum in the United Kingdom, excluding dependants, by location of application, June 1995 to May 1997

	Asylum applications		
	Total	*Port*	*In-country*
1995			
June	3,630	1,090	2,540
July	3,415	980	2,435
August	3,890	1,085	2,805
September	4,020	1,360	2,660
October	4,595	1,505	3,090
November	4,715	1,850	2,860
December	3,540	1,640	1,895
1996[2]			
January	3,310	1,070	2,240
February	2,850	975	1,880
March	3,145	985	2,160
April	2,070	760	1,310
May	1,755	740	1,010
June	1,730	805	925
July	2,515	835	1,680
August	2,140	905	1,230
September	2,010	1,205	805
October	2,150	1,270	885
November	1,920	1,180	735
December	2,340	1,710	635
1997[2]			
January	2,275	1,210	1,065
February	1,985	1,135	850
March	1,820	1,210	610
April	2,275	1,385	890
May	2,240	1,365	880

[1] Figures rounded to five.

[2] Provisional figures.

Time taken to apply for asylum by persons granted leave to enter or remain under another section of the immigration rules[1], June 1995 to May 1997

Percentage

	Within one week	*One week to one month*	*One to three months*	*Over three months*	*Total*
1995					
June	20	15	10	55	100
July	20	20	10	50	100
August	25	20	15	40	100
September	20	15	15	50	100
October	20	20	15	45	100
November	20	15	15	50	100
December	30	15	10	45	100
1996					
January	20	15	15	50	100
February	15	10	15	60	100
March	15	10	10	65	100
April	15	10	10	65	100
May	15	10	10	65	100
June	15	15	10	60	100
July	25	15	15	45	100
August	25	15	15	45	100
September	25	10	15	50	100

Time taken to apply for asylum by persons granted leave to enter or remain under another section of the immigration rules[1], June 1995 to May 1997

Percentage

	Within one week	*One week to one month*	*One to three months*	*Over three months*	*Total*
October	15	15	15	55	100
November	20	15	15	50	100
December	25	10	15	50	100
1997					
January	20	10	15	55	100
February	25	10	10	55	100
March	30	10	15	45	100
April	35	15	10	40	100
May	35	15	15	35	100

[1] Estimated and rounded to the nearest 5 per cent. Excludes those in-country cases for which arrival dates are not known.

Mr. Cohen: To ask the Secretary of State for the Home Department if he will make a statement on the current length of detention for asylum seekers. [5528]

Mr. O'Brien: The number of people recorded as being detained on 31 May 1997, who had sought asylum at some stage, was 733. Of these, 601 had been detained for less than six months and 21 for longer than twelve months. Policies relating to detention are currently under review.

Crime Statistics

Mr. Clapham: To ask the Secretary of State for the Home Department if he will estimate the number of people *(a)* injured and *(b)* killed as a result of crime in each of the last five years. [7118]

Mr. Michael: The available information from the recorded crime statistics is given in the following table. With regard to persons injured, the figures given relate to the number of offences in certain categories of offences of violence against the person where the assumption is that an injury or threat to cause injury has occurred. Robbery has been included for the same reason. It is not possible to identify separately threats from the substantive offence. Where a person has been injured during the commission of another offence (i.e. a burglary) then, for recording purposes, the offence of violence usually takes precedence.

The British Crime Survey (BCS) gives an estimate for 1995 of the number of people injured in woundings, robberies and common assaults of 2,185,000. The equivalent figure for 1993 is 2,153,000. the numbers injured as a result of crime is much higher than those from offences recorded by the police because (i) not all offences are reported to the police, and (ii) they include common assaults (which as summary offences are not currently recorded by the police). The injuries covered by the BCS range from bruises/scratches to more severe injury. Common assaults involve only minor injuries. Because it is a survey of victims, the BCS does not cover people killed.

Notifiable offences where the victim has been injured or killed

England and Wales

Offence	*1992*	*1993*	*1994*	*1995*	*1996*
Offences where the victim was injured					
Attempted murder	568	661	651	634	671
Wounding or other act endangering life	10,741	10,701	11,033	10,445	12,165
Other wounding	183,717	186,765	198,383	193,016	216,251
Robbery	52,894	57,845	60,007	68,074	73,957
Total	247,920	255,972	270,074	272,169	303,044
Offences where the victim was killed					
Homicide	687	670	726	745	683
Child destruction	—	3	7	8	2
Causing death by dangerous driving or by careless driving when under the influence of drink or drugs	277	292	278	242	318
Causing death by aggravated vehicle taking	19	17	14	21	34
Total	983	982	1,025	1,016	1,037

Crime Costs

Mr. Clapham: To ask the Secretary of State for the Home Department if he will estimate the cost of crime to the United Kingdom economy during each of the last five years. [7117]

Mr. Michael: Information to provide a full answer to this question is not available. I will write to the hon. Gentleman shortly to outline such information as we possess, and will place a copy of that letter in the Library.

Crime (Urban Areas)

Mr. Mackinlay: To ask the Secretary of State for the Home Department what measures he proposes to reduce crime in urban areas, with particular reference to violent crime. [5513]

Mr. Straw: Our comprehensive strategy to tackle crime includes: the introduction of a duty on local authorities and the police to develop statutory partnerships for crime prevention and community safety; community safety orders to restrain the behaviour of named individuals; new offences of racial harassment and racially-motivated violence; action on alcohol-related

crime; the appointment of an anti-drugs supremo to co-ordinate the battle against drugs; and a total ban on the private possession of handguns.

SOCIAL SECURITY

Housing (Scotland)

Mr. McAllion: To ask the Secretary of State for Social Security what is the final permitted total amount for each Scottish local authority in 1996–97 which can be spent at the discretion of the local authority for private tenants who experience exceptional hardship as a result of their housing benefit entitlement being reduced following a local reference rent or a single room rent determination; and what had been spent by each local authority from this discretionary fund by the end of March. [2536]

Mr. Keith Bradley: My right hon. Friend, the Secretary of State, has announced her decision to revoke the Regulations, laid by the last Government, that would have reduced the Housing Benefit entitlement for single people aged over 25.

The information requested on Permitted Totals for Scottish local authorities will not be available until the beginning of next year.

Minimum Wage

Mr. Ian Taylor: To ask the Secretary of State for Social Security what assessment she has made of the impact on the budget of the DSS of any given levels of minimum wage. [3743]

Mr. Field: We will ask the independent Low Pay Commission, before it reaches a recommendation on the level at which the National Minimum Wage might be set, to take into account all the economic circumstances, including its likely impact. We will not speculate about the possible effects of hypothetical levels before the Commission has had a chance to consider the issues.

Child Support

Mr. Kirkwood: To ask the Secretary of State for Social Security if she will list the average weekly Child Support Agency full assessment on *(a)* 30 September and *(b)* 31 March for each year of the CSA's operation indicating the figures for (i) court orders and (ii) liable relative negotiated agreements for the previous two years. [5276]

Mr. Keith Bradley: The Government believes that all children are entitled to the support of both parents, irrespective of where they live. Children should only be supported by the taxpayer when their parents are unable to do so.

The information is not available in the format requested. The table gives the average weekly Child Support figures at the closest possible dates. Prior to the introduction of Child Support the average maintenance per child was £15 if arranged by the Department of Social Security or the Magistrates' court; £20 if arranged by the County court and £24 when arranged by the Scottish courts.

Average weekly full maintenance assessments

	Average of maintenance assessments where absent parent has income from employment	*All full maintenance assessments*
	£	£
June 1994	45.53	27.06
October 1994	44.34	26.39
March 1995	43.46	25.56
August 1995	38.66	23.37
February 1996	38.62	22.86
August 1996	38.02	22.02
February 1997	37.73	21.39

The drop in the average amount of child support maintenance after March 1995 reflects the policy changes which took effect from April 1995.

Source:

Children Come First Volume 2—Table 12.

Mr. Kirkwood: To ask the Secretary of State for Social Security how many absent parents on income support and income based jobseeker's allowance are currently clients of the Child Support Agency; what proportion of each have deductions made from their benefit in lieu of child maintenance excluding those on income support or receiving jobseeker's allowance; how many absent parents have a nil liability for child maintenance; and how many are liable to pay the minimum payment. [5250]

Mr. Bradley: At February 1997 there were 168,900 absent parent clients of the Child Support Agency receiving income support and a further 2,500 receiving income based jobseeker's allowance. At August 1996, the most recent date for which income support information is available, some 30,000 absent parents had a contribution to maintenance deducted from their benefit. Since this was before the introduction of jobseeker's allowance it includes unemployed absent parents receiving income support.

At February 1997 there were 57,500 absent parents with nil liability for child maintenance and a further 42,400 liable to pay the minimum amount. This excludes those receiving income support or income based jobseeker's allowance who automatically have nil liability under the formula provisions.

Mr. Kirkwood: To ask the Secretary of State for Social Security what research her Department has *(a)* commissioned and *(b)* evaluated on the impact of a reduced benefit direction on children. [5256]

Mr. Bradley: We think it right that lone mothers should co-operate wherever possible in seeking maintenance for their children. The Department is continually monitoring and evaluating reduced benefit directions which apply only where a parent with care has failed to co-operate with the Child Support Agency and has no good reason for this failure. This evaluation is supported by research conducted by the Agency on the requirement to co-operate provisions, published in April last year ("The Requirement to Co-operate: A Report on the Operation of the 'Good Cause' provisions. Department of Social Security in-house report 14").

Mr. Kirkwood: To ask the Secretary of State for Social Security if she will give a breakdown of the benefit savings made as a result of Child Support Agency activity in

1996–97; what is the expected breakdown of benefit savings for the current financial year; and if she will estimate total benefit savings over the next five years. [5304]

Mr. Bradley: The actual benefit savings for 1996–97 and the estimated savings for 1997–98 is in the table.

£ million

	1996–97 outturn	*1997–98 estimates*
Income support reductions	208.6	235.6
Family credit/disability working allowance reductions	48.1	58.7
Deductions from absent parents income support	4.8	7.3
Maintenance cessations—maintenance exceeds rate of income support	6.3	51.1
Non maintenance cessations—benefit claim withdrawn within four to eight weeks of CSA action	201.2	152.0
Total	469.0	504.7

Within the situation we have inherited the current estimate of total benefit savings over the next five years from April 1997 is some £2,800 million.

Pensions

Mr. Corbyn: To ask the Secretary of State for Social Security if she will list the full state pension as a proportion of average earnings for each year since 1980 and her estimate for the next three years assuming uprating is linked to prices. [6597]

Mr. Denham: We believe that all pensioners should share fairly in rising national prosperity and are committed to examine the means of delivering more help to the poorest pensioners. We will retain the basic State pension as the foundation of pension provision, increasing it at least in line with prices.

The information requested is set out in the table.

Year	*Standard rate of Category A retirement pension as a proportion of average earnings (per cent.)*
November 1980	22.6
November 1981	22.4
November 1982	23.1
November 1983	21.7
November 1984	21.4
November 1985	21.4
July 1986	20.5
April 1987	19.9
April 1988	18.8
April 1989	18.2
April 1990	17.8
April 1991	18.3
April 1992	17.8
April 1993	17.7
April 1994	17.7
April 1995	17.5
April 1996	17.4
1997	17.1
1998	16.9
1999	16.6

1. For years up to and including 1996, both the actual standard rate of Category A retirement pension and actual average earnings for all full-time adults from the News Earning Survey are available, and these figures are used to produce the proportions shown in Table 6.1 of The Abstract of Statistics for Social Security Benefits and Contributions and Indices of Prices and Earnings 1996 Edition. However, the published figure for 1996 was provisional only, and the final figure is shown in the table.

2. To calculate the proportion of average earnings represented by the standard rate of category A retirement pension for years after 1996, it has been assumed that retirement pension rates remain constant in price terms while average earnings increase by 1.5 per cent. each year.

3. All figures are rounded to the nearest 0.1 per cent.

Mr. Corbyn: To ask the Secretary of State for Social Security which pensioner organisations she has met since her appointment; and what other discussions she plans to hold prior to the announcement of the state pension level for 1998–99. [6600]

Mr. Denham: Amongst the meetings I have attended was the National Pensioners Convention Conference in Blackpool on 17 June and my right hon. Friend, the Secretary of State, attended the AGM of the Southwark Pensioner's Forum.

The pensions review, which will be announced shortly, will look at the central areas of insecurity for elderly people, including all aspects of the basic pension and its value. In undertaking this review we will ensure that the voices of pensioners are put at the centre of Government. I anticipate meeting representative pensioners organisations on a number of occasions during the visit.

We believe that all pensioners should share fairly in rising national prosperity and we are committed to examining ways to deliver more automatic help to the poorest pensioners. We will retain the basic State pension as the foundation of pension provision, increasing it at least in line with prices and we intend to have a number of discussions with interested groups before the level of State pension for 1998–99 is announced.

Mr. Bercow: To ask the Secretary of State for Social Security (1) if she will ensure that the Government Actuary reviews the level of contracted-out rebates immediately following any changes in the tax regime that reduce the investment income of contracted-out occupational, and appropriate personal pension, schemes; [6563]

(2) if she will estimate the level of age-related payments in respect of personal pension schemes for the year 1997–98, if such schemes did not receive a credit of advance corporation tax; [6564]

(3) if she will estimate the impact on expenditure from the national insurance fund by way of additional age-related payments to personal pension schemes in the year 1997–98, if their level had been calculated on the assumption that contracted-out occupational pension schemes did not receive a credit of advance corporation tax; [6565]

(4) what would be the charge on expenditure from the national insurance fund in respect of additional age related payments to contracted-out money purchase schemes for contracted-out employment in the financial year 1997–98, if their level had been calculated on the assumption that contracted-out occupational pension schemes did not receive a credit of advance corporation tax; [6566]

(5) what would be the increase in the *(a)* financial primary and secondary class 1 and class 4 national insurance contributions, *(b)* class 2 and class 3 national insurance contributions and *(c)* percentage of payments to the national insurance fund under section 2 of the Social Security Act 1992 needed to offset the cost to the national insurance fund of an increase in the flat rate contracted-out rebates to contracted-out occupational pension schemes and in age-related payments to contracted-out money purchase and appropriate personal pension schemes is such schemes did not receive a credit of advance corporation tax; [6568]

(6) if she will estimate the reduction in income to the national insurance fund in respect of contracted-out employment in the year 1997–98, if the level of the national insurance rebates to contracted-out *(a)* salary-related and *(b)* money purchase schemes had been calculated on the assumption that the schemes did not receive a credit of advance corporation tax; [6569]

(7) if she will estimate the reduction in *(a)* primary and *(b)* secondary Class 1 national insurance contributions on contracted-out money purchase schemes and the levels of age rebated payments to such schemes in respect of contracted-out employment in the year 1997–98, if such schemes did not receive a credit of advance corporation tax; [6570]

(8) if she will estimate the reduction in *(a)* primary and *(b)* secondary class 1 national insurance contributions for contracted-out salary-related schemes in respect of contracted-out employment in the year 1997–98, if such schemes did not receive a credit of advance corporation tax. [6571]

Mr. Denham: What matters is the long run performance of investments and the health of companies providing occupational and personal pensions. It is the long term rates of return on pension fund investments which are reflected in the national insurance rebates. The Budget promotes investment. Like other shareholders, members of pension schemes will benefit from the better climate for investment by companies, as will the companies which provide occupational and personal pensions.

We shall consider whether it is necessary to ask the Government Actuary to look again at the assumptions underlying the national insurance rebates for contracting-out of SERPS.

Mr. Corbyn: To ask the Secretary of State for Social Security what estimate she has made of the cost of increasing the state pension to the basic level for all persons entitled to income support as a supplement to their existing pension. [6609]

Mr. Denham: We estimate that one in four pensioners are entitled to Income Support. We do not have enough information to estimate the costs of bringing all those in this group who have less than a full basic Retirement Pension up to that level. However, we are commissioning research to determine why some pensioners do not claim the Income Support to which they are entitled; we are also committed to reviewing the central areas of insecurity for our older citizens.

VAT on Fuel

Mr. Ian Bruce: To ask the Secretary of State for Social Security what factors underlie the different estimates contained in the answer of 24 June, *Official Report*, column *491*, and the Prime Minister's oral answer of 24 June, *Official Report*, column 686, on the impact on pensioners of the imposition of VAT on domestic fuel. [7116]

Mr. Keith Bradley: The policies of the previous administration, including the introduction of VAT on fuel, have created real poverty, growing inequality and widespread insecurity for pensioners. Between April 1994 and April 1997, the average pensioner was undercompensated for the additional cost of fuel and power. In 1997 the compensation is adequate because of a real fall in the prices of fuel and power. Some pensioners could still be worse off, because of their individual circumstances.

The reduction of VAT on fuel to 5 per cent. will ensure that the poorest households, including pensioners, benefit most in proportion to their incomes, and that everyone will see the benefit in their fuel bills this winter.

Commissioners' Decisions

Mr. William Ross: To ask the Secretary of State for Social Security if she will make the decisions of the social security commissioners binding throughout the United Kingdom. [7149]

Mr. Keith Bradley: The Social Security Commissioners have jurisdiction throughout Great Britain. There is a separate statutory authority for Social Security arrangements in Northern Ireland which has its own Social Security Commissioners. To make all Commissioners decisions binding throughout the United Kingdom would involve a fundamental change to the way in which precedent operates throughout the legal jurisdictions in Great Britain. The Government has no plans to change this arrangement.

Legislation will be brought forward to improve current decision making and appeals arrangements for all Social Security matters throughout the United Kingdom. Further details will be announced in due course.

SCOTLAND

Highlands and Islands Convention

Mrs. Ray Michie: To ask the Secretary of State for Scotland what plans he has to change the composition and remit of the Highlands and Islands Convention; and if he will make a statement. [3796]

Mr. Wilson *[holding answer 23 June 1997]:* Members are able to raise such issues for discussion at convention meetings.

GP Funding

Mr. McAllion: To ask the Secretary of State for Scotland if he will ensure that NHS funding under the control of general practitioner fundholders and NHS trusts is used exclusively to purchase NHS medical care and services. [5860]

Mr. Galbraith: The National Health Service (Scotland) Act 1978 as amended imposes a duty on NHS trusts and general medical practitioner fundholders to expend NHS funds on the provision of medical care and services for NHS patients. Under the regulations boards and GP fundholders can refer to centres outwith the NHS.

However, the interests of the patient must be paramount and I expect referrals outwith the NHS to take place only when the service is not readily available locally within the NHS.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Scotland if he will publish his Department's submissions relating to freedom of information legislation. [6040]

Mr. Dewar *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to my right hon. Friend the Prime Minister, on 4 July 1997, column *293*.

NHS Trusts

Mr. Wallace: To ask the Secretary of State for Scotland if he will list the deficit or surplus accrued as at 31 March for each NHS trust in Scotland. [6853]

Mr. Galbraith *[holding answer 4 July 1997]:* The retained deficit or surplus position as at 31 March for each NHS Trust in Scotland, is set out in the table. These figures are subject to final audit.

Trust	*Surplus/(deficit) £000s*
Aberdeen Royal Hospitals NHS Trust	1,861
Angus NHS Trust	1,469
Argyll and Bute NHS Trust	615
Ayrshire and Arran Community Healthcare NHS Trust	2,204
Borders Community Health Services NHS Trust	420
Borders General Hospital NHS Trust	700
Caithness and Sutherland NHS Trust	1,098
Central Scotland Healthcare NHS Trust	(439)
Dumfries and Galloway Acute and Maternity Hospitals NHS Trust	1,590
Dumfries and Galloway Community Health NHS Trust	382
Dundee Healthcare NHS Trust	1,587
Dundee Teaching Hospitals NHS Trust	6,793
East and Midlothian NHS Trust	11,526
Edinburgh Healthcare NHS Trust	404
Edinburgh Sick Children's NHS Trust	1,646
Falkirk and District Royal Infirmary NHS Trust	567
Fife Healthcare NHS Trust	(1,978)
Glasgow Dental Hospital and School NHS Trust	1,837
Glasgow Royal Infirmary University NHS Trust	3,780
Grampian Healthcare NHS Trust	5,987
Greater Glasgow Community and Mental Health Services NHS Trust	252
Hairmyres and Stonehouse Hospitals NHS Trust	698
Highland Communities NHS Trust	851
Inverclyde Royal NHS Trust	2,065
Kirkcaldy Acute Hospitals NHS Trust	1,850
Lanarkshire Healthcare NHS Trust	1,403
Law Hospital NHS Trust	630
Lomond Healthcare NHS Trust	2,146
Monklands and Bellshill Hospitals NHS Trust	3,326
Moray Health Services NHS Trust	622
North Ayrshire and Arran NHS Trust	5,942
Perth and Kinross Healthcare NHS Trust	2,232
Queen Margaret Hospital NHS Trust	2,025
Raigmore Hospital NHS Trust	2,649
Renfrewshire Healthcare NHS Trust	2,205
Royal Alexandra Hospital NHS Trust	2,206
Royal Infirmary of Edinburgh NHS Trust	3,347
Scottish Ambulance Service NHS Trust	1,135
South Ayrshire Hospitals NHS Trust	1,026
Southern General Hospital NHS Trust	2,323
Stirling Royal Infirmary NHS Trust	1,737
Stobhill NHS Trust	1,991
Victoria Infirmary NHS Trust	(6,044)
West Glasgow Hospitals University NHS Trust	331
West Lothian NHS Trust	1,378
Western General Hospitals NHS Trust	3,241
Yorkhill NHS Trust	2,755

Nurses

Mrs. Ewing: To ask the Secretary of State for Scotland how many nursing vacancies there were in each NHS trust in each of the last five years. [6379]

Mr. Galbraith: Only a few trusts were in existence five years ago. Information on vacancies at Scotland level is available in the 14th and previous reports of the Review Body for Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicine at Appendix D, Table 4 (Cm 3538), a copy of which is available in the House Library.

Mrs. Ewing: To ask the Secretary of State for Scotland how many newly qualified nurses there were in each of the last five years. [6380]

Mr. Galbraith: The information is set out in the table.

Student nurses completed training 1992–93 to 1996–97

	Nurses in training	*1992 courses (P2000)*[1]
1992–93	3,136	—
1993–94	3,020	—
1994–95	2,608	—
1995–96	614	1,460
1996–97[2]	388	1,622

Notes:

[1] In 1992 new courses for training nurses were introduced. Students are no longer NHS employees but have student status and receive bursaries. The "old" courses were gradually phased out as the last of these students passed through over the next few years.

[2] These figures are provisional and unpublished.

Source:

National Board for Nursing, Midwifery and Health Visiting for Scotland.

Mrs. Ewing: To ask the Secretary of State for Scotland if he will list the number and percentage of nurses who are on temporary contracts, indicating the proportion of nurses on contracts of one year or less. [6382]

Mr. Galbraith: Information at a current date could not be obtained other than at disproportionate costs. Most recent data available from 1996 suggested that overall only 5½ per cent. of nurses were on temporary contracts.

Health Service Staff Vacancies

Mrs. Ewing: To ask the Secretary of State for Scotland how many unfilled vacancies there are in each NHS trust in Scotland; and if he will provide a breakdown of the vacant posts by specialisation. [6381]

Mr. Galbraith: With regard to unfilled consultant vacancies I refer the hon. Lady to my answer to her questions of 5 June on the same subject, *Official Report*, column *230*.

Information on other staff vacancies cannot be obtained other than at disproportionate costs.

Information on vacancies at Scotland level for staff groups covered by the Review Body for Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicine is given in their fourteenth reports at Appendix D, Table 4 (Cm 3538/9), a copy of which is available in the House Library.

General Practitioner Trainees

Mrs. Ewing: To ask the Secretary of State for Scotland how many GP trainees there were in Scotland in 1996. [6384]

Mr. Galbraith: There were 283 GP trainees in post as at 1 April 1996 and 234 as at 1 October 1996.

Hospital Beds

Mrs. Ewing: To ask the Secretary of State for Scotland if he will make a statement on the number of hospital beds in Scotland broken down to show figures for *(a)* psychiatric, *(b)* geriatric, *(c)* acute and *(d)* maternity beds. [6385]

Mr. Galbraith: The information is set out in the table.

Average available staffed beds in Scotland at 31 March 1997[1]

Specialty	*Bed numbers*
Psychiatric	9,216
Geriatric: long stay	5,294
Geriatric: assessment	3,685
Acute	15,503
Maternity	1,400

[1] Provisional.

NHS Finance

Mrs. Ewing: To ask the Secretary of State for Scotland if he will list the surplus or deficit for each NHS *(a)* trust and *(b)* health board at the start of the financial year 1997–98. [6395]

Mr. Galbraith: The surplus or deficit for each NHS Trust and Health Board at the start of the financial year 1997–98, is set out in the tables. These figures are subject to final audit.

Trust	*Surplus/(deficit) £000s*
Aberdeen Royal Hospitals NHS Trust	1,861
Angus NHS Trust	1,469
Argyll and Bute NHS Trust	615
Ayrshire and Arran Community Healthcare NHS Trust	2,204
Borders Community Health Services NHS Trust	420
Borders General Hospital NHS Trust	700
Caithness and Sutherland NHS Trust	1,098
Central Scotland Healthcare NHS Trust	(439)
Dumfries and Galloway Acute and Maternity Hospitals NHS Trust	1,590
Dumfries and Galloway Community Health NHS Trust	382
Dundee Healthcare NHS Trust	1,587
Dundee Teaching Hospitals NHS Trust	6,793
East and Midlothian NHS Trust	11,526
Edinburgh Healthcare NHS Trust	404
Edinburgh Sick Children's NHS Trust	1,646
Falkirk and District Royal Infirmary NHS Trust	567
Fife Healthcare NHS Trust	(1,978)
Glasgow Dental Hospital and School NHS Trust	1,837
Glasgow Royal Infirmary University NHS Trust	3,780
Grampian Healthcare NHS Trust	5,987
Greater Glasgow Community and Mental Health Services NHS Trust	252
Hairmyres and Stonehouse Hospitals NHS Trust	698
Highland Communities NHS Trust	851
Inverclyde Royal NHS Trust	2,065
Kirkcaldy Acute Hospitals NHS Trust	1,850
Lanarkshire Healthcare NHS Trust	1,403
Law Hospital NHS Trust	630
Lomond Healthcare NHS Trust	2,146
Monklands and Bellshill Hospitals NHS Trust	3,326
Moray Health Services NHS Trust	622
North Ayrshire and Arran NHS Trust	5,942
Perth and Kinross Healthcare NHS Trust	2,232
Queen Margaret Hospital NHS Trust	2,025
Raigmore Hospital NHS Trust	2,649
Renfrewshire Healthcare NHS Trust	2,205
Royal Alexandra Hospital NHS Trust	2,206
Royal Infirmary of Edinburgh NHS Trust	3,347
Scottish Ambulance Service NHS Trust	1,135
South Ayrshire Hospitals NHS Trust	1,026
Southern General Hospital NHS Trust	2,323
Stirling Royal Infirmary NHS Trust	1,737
Stobhill NHS Trust	1,991
Victoria Infirmary NHS Trust	(6,044)
West Glasgow Hospitals University NHS Trust	331
West Lothian NHS Trust	1,378
Western General Hospitals NHS Trust	3,241
Yorkhill NHS Trust	2,755

Health boards	*Surplus/(Deficit) £000s*
Argyll and Clyde Health Board	671
Ayrshire and Arran Health Board	1,847
Borders Health Board	477
Dumfries and Galloway Health Board	980
Fife Health Board	299
Forth Valley Health Board	579
Grampian Health Board	968
Greater Glasgow Health Board	3,463
Highland Health Board	89

Health boards	Surplus/(Deficit) £000s
Lanarkshire Health Board	(2)
Lothian Health Board	2,070
Orkney Health Board	(1)
Shetland Health Board	125
Tayside Health Board	1,943
Western Isles Health Board	92
State Hospital	1
CSA	478
SCPMDE	384

AGRICULTURE, FISHERIES AND FOOD

Beef

Mr. Steen: To ask the Minister of Agriculture, Fisheries and Food (1) what is his estimate of total beef consumption by volume, in the United Kingdom in each of the past three years; [6607]

(2) what is his estimate of the level of beef imports, by volume, to the United Kingdom in each of the past three years. [6608]

Mr. Rooker: Information on the total level of actual beef consumption is not available. However, estimates of the total volume of beef available for domestic usage are available in "Quarterly supplies and domestic usage of meat in the United Kingdom", a copy of which is available in the Library of the House.

Information on the volume of beef imports (in carcase weight equivalent) is available from the same source.

Mr. Charles Kennedy: To ask the Minister of Agriculture, Fisheries and Food what response he has made to the communication he has received from Commissioner Bonino in respect of alleged illegal exportation of beef from the United Kingdom; what actions he proposes to initiate on this matter; and if he will make a statement. [7094]

Dr. Cunningham: I replied immediately to Commissioner Bonino expressing my deep concern about the alleged illegal beef exports. I assured her that my officials were continuing their investigations into the allegations with the utmost speed and rigour in conjunction with the Commission's Anti-Fraud Unit and the Dutch authorities. I have placed a copy of the letter in the Library of the House.

Salmon and Freshwater Fisheries

Mr. Martlew: To ask the Minister of Agriculture, Fisheries and Food what plans he has to review salmon and freshwater fisheries legislation. [7190]

Mr. Morley: My right hon. Friend the Secretary of State for Wales and I will shortly be establishing a small, independent group to review all aspects of existing policies and legislation on salmon and freshwater fisheries in England and Wales. This will be a comprehensive review, intended to produce ideas for the future management and conservation of salmon and freshwater fish. We will be announcing the members of the review group in the autumn.

Freedom of Information

Mr. Keetch: To ask the Minister of Agriculture, Fisheries and Food if he will publish his Department's submissions relating to freedom of information legislation. [6030]

Mr. Morley *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to him by my right hon. Friend the Prime Minister on 4 July, *Official Report*, columns *293–94*.

Fish (Abnormal Isoforms)

Mr. Campbell-Savours: To ask the Minister of Agriculture, Fisheries and Food what evidence his Department has evaluated in respect of the presence of abnormal isoforms of prion protein in normal fish. [6556]

Mr. Rooker: The only evidence that is available and has been evaluated by my Department is the paper recently published by C. J. Gibbs and C. L. Bolis, titled 'Normal isoform of amyloid protein (PrP) in brains of spawning salmon' (reference: MOLECULAR-PSYCHIATRY, 1997, V2, N2, MAR, Pp 145–147. ISSN: 1359–4184). In the knowledge that the normal isoform of Protease resistant Protein (PrP) has been identified in the tissues of all mammalian species thus far tested, as well as in Drosophila, the authors report the presence of this protein for the first time in the brains of fish (Pacific salmon). They go on to speculate about the theoretical probability that the abnormal isoform of PrP could arise spontaneously in fish, but do not report that it has been identified. This information has been passed to SEAC who have made no recommendations.

Mr. Campbell-Savours: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the incidence of abnormal isoforms of prion protein in experimentally-infected fish. [6557]

Mr. Rooker: As far as we are aware, there have been no experimental exposures of fish to spongiform encephalopathies.

Food (Radioactive Contamination)

Mr. Matthew Taylor: To ask the Minister of Agriculture, Fisheries and Food what is the maximum permitted level of radioactive contamination of foodstuffs following *(a)* a nuclear accident and *(b)* any other case of radiological emergency for nuclides of half-life greater than 10 days. [6401]

Mr. Rooker: Derived reference levels, which may be used as a basis for the fixing of maximum permitted levels of radioactive contamination for foodstuffs, are set by several European Union Regulations. These levels apply both to nuclear accidents and to any other case of nuclear emergency which is likely to lead, or has led, to significant radioactive contamination of food. The situation regarding the maximum permitted levels for radionuclides with a half-life of greater than 10 days is complicated, but for most such nuclides and foods, a level of 1,250 Bq/kg would apply.

Mr. Taylor: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the likely impact of a criticality in an underground repository on foodstuffs. [6407]

Mr. Rooker: No such assessment had been made. If an application for authorisation of an underground repository is made, MAFF will fulfil its role in assessing the associated safety case to ensure the safety of foodstuffs. This will encompass all relevant scenarios for the release of radionuclides.

Mr. Taylor: To ask the Minister of Agriculture, Fisheries and Food what level of technetium 99 has been found in lobsters obtained from the Irish sea in the vicinity of Sellafield; and if it exceeds the maximum permitted level of radioactive contamination of food-stuffs for nuclides of half-life greater than 10 days. [6551]

Mr. Rooker: As reported in the MAFF report, "Radioactivity in Food and the Environment", the average level of technetium-99 in lobsters from the Irish Sea close to Sellafield was 8,300 Bq/kg in 1995. In 1996 the average level was 9,150 Bq/kg. The EU maximum permitted level of 1,250 Bq/kg only applies in the event of a nuclear accident and is not relevant in this case.

The level would be applied in the early stages of an accident before an assessment can be made and is based on the most restrictive radionuclides. The radiological significance of technetium-99 is low in comparison. The annual radiation exposure to the most exposed group associated with lobster consumption was 18 μSv/year in 1995 and 29 μSv/year in 1996. This can be compared with the public dose limit of 1000 μSv/year and presents no food safety concerns.

Departmental Accommodation

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food what will happen to the accommodation vacated by Ministers and officials in Whitehall Place. [6962]

Dr. Jack Cunningham: The accommodation vacated by Ministers and officials in Whitehall Place will be occupied by staff of the Department. Within the next few years the Whitehall Place buildings will need to be vacated for renovation.

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food what date is planned for the move of Ministers and certain officials from Whitehall Place to Nobel House. [6958]

Dr. Cunningham: The move of Ministers and officials from Whitehall Place to Nobel House is expected to be completed by 30 November 1997.

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food for how long officials decanted out of Nobel House will remain in temporary accommodation; where is that accommodation; and what is the cost of making it available. [6964]

Dr. Cunningham: Officials decanted out of Nobel House are not expected to remain in temporary accommodation beyond 30 June 1998. The temporary accommodation is at St. Christopher House, Southwark Street, London SE1. It is estimated that it will cost £220,000 to prepare it for the Department's occupation. The building is already on the Government estate so there will be no additional rental costs to the Exchequer but the Department will pay an occupancy charge (rent, rates and service costs) of £367,000 for the year to the Property Advisers to the Civil Estate, an executive agency of the Cabinet Office.

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food how many officials, listed according to function and grade, will be moved out of Nobel House to permit Ministers and other officials to move in. [6963]

Mr. Cunningham: The Department's Chief Scientist's Group will be moved out of Nobel House to St. Christopher House. The numbers and grades of officials are as follows:

Senior Civil Service Grades: 5

Grade 6: 10

Grade 7: 16

SEO and equivalent, and below: 89

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food if he will list the functions of his Department which will be located in Nobel House once Ministers and officials have moved there; and if he will list the functions remaining at Whitehall Place. [6954]

Dr. Cunningham: The main departmental functions in Nobel House, after Ministers have moved, will comprise the Permanent Secretary; three Heads of Directorate; the Secretariat; Press Branch; Fisheries Group; Environment Group; Establishments Group (part).

The functions which will remain at Whitehall will comprise European Union and Livestock Group; Arable Crops Group (part); Food, Drink and Marketing Policy Group; Legal Department; and Economics and Statistics Group.

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food how many officials, listed according to function, will move with Ministers to Nobel House. [6957]

Dr. Cunningham: The functions of the Department that will move from Whitehall Place to Nobel House are the Permanent Secretary, three Heads of Directorate, the Secretariat, Press Officials and other support staff. About 76 officials will move.

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food what is the estimated cost of the move to Nobel House with special reference to reorganisation of rooms, increased security, and new conference facilities. [6966]

Dr. Cunningham: The estimated cost of moving Ministers and officials from Whitehall Place to Nobel House is £120,000. Re-organising rooms and providing new and better conference facilities will cost a further £240,000. Expenditure of this order would have been incurred anyway within the next few years when the Department renovated Whitehall Place. It is not anticipated that there would be any additional costs in relation to security provision.

EU Presidency

Mr. Curry: To ask the Minister of Agriculture, Fisheries and Food what facilities the Minister assesses are necessary to host the United Kingdom Presidency of the EU. [6955]

Dr. Jack Cunningham: The United Kingdom presidency of the Agriculture and Fisheries Councils will require MAFF Ministers to host a series of meetings in London with EU Ministers and Commissioners over and above those they would normally expect to hold.

Written Answers to Questions

Tuesday 8 July 1997

PRIME MINISTER

Committee on Standards in Public Life

Mr. Pickthall: To ask the Prime Minister when he expects to receive the Third Report of the Committee on Standards in Public Life; and if he will make a statement. [7541]

The Prime Minister: The Third Report of the Committee on Standards in Public Life, under the Chairmanship of Lord Nolan, is being published today as Command Paper 3702. I am arranging for copies to be placed in the Vote Office and the Library of the House.

We are committed to ensuring the highest standards in public life in this country. I am grateful to Lord Nolan and his colleagues for the significant contribution that they continue to make towards improving the standards of conduct throughout the public sector. Their Third Report covers local government in England, Scotland and Wales.

The Committee received wide-ranging written submissions and heard extensive oral evidence in open proceedings. It has concluded that there are:

"an enormous number of dedicated and hard working people"

in local government. It has, however, identified that there is a lack of clarity about rules or expectation of proper behaviour, which it believes is because the responsibility for the maintenance of standards has moved away from local government.

The Committee is, therefore, proposing that in the new climate of improved relations between central and local government, a new start should now be made on building an ethical framework for local government. This would take the best of what already exists, but place responsibility with local government itself. In this context the Committee has unanimously made some forty detailed recommendations. These, if implemented, would result in a radical restructuring of the ethical framework in which local authorities—their members and officers—operate.

I welcome the Committee's careful examination and analysis of conduct—both of councillors and of officers—in local authorities. Their confirmation of the strengths of local government in Great Britain is reassuring, and demonstrates that there is a firm foundation on which we can build. We entirely accept the Committee's conclusion that now is the time to make a new start on the ethical framework for local government.

Accordingly, we shall now be consulting widely on the Committee's specific recommendations, including with the Local Government Association, the Convention of Scottish Local Authorities, the Welsh Local Government Association, the Audit Commission of England and Wales, and the Scottish Accounts Commission. In parallel with this consultation the Nolan Committee will be consulting on a proposal for a new statutory offence of misuse of public office, which would apply across the public sector, including local government. Copies of the Committee's consultation paper are available with the Report.

Our intention is to work in partnership with local government to establish a framework for local authorities guaranteeing the highest standards of conduct. Such a framework will be central to achieving our manifesto aim of more independent but accountable local government.

HOME DEPARTMENT

Electoral System (European Parliament)

Mrs. Ballard: To ask the Secretary of State for the Home Department what plans he has to work towards a uniform electoral system for the 1999 elections to the European Parliament. [5735]

Mr. George Howarth: The Government remain committed to the introduction of a proportional voting system for elections to the European Parliament but no decision has yet been taken on the timing of a change.

Police Widows Pension Regulations

Sir Robert Smith: To ask the Secretary of State for the Home Department what plans he has to review the police widows pension regulations. [5777]

Mr. Michael: We will be giving early consideration to taking forward the recent review by the Home Department and the Treasury of the police pension scheme in general, including the question of a consultation exercise, but we have no present plans to extend the scope of the police widows pension.

Metropolitan Police

Mr. Burstow: To ask the Secretary of State for the Home Department how many police officers in the Metropolitan Police are currently awaiting a placement with a police station and assigned no other specific duties; and what is the estimated cost of these police officers in salary or costs. [6450]

Mr. Michael: The Commissioner informs me that there are no officers within the Metropolitan Police District currently awaiting a placement with a police station and assigned no other specific duties.

Mr. Burstow: To ask the Secretary of State for the Home Department what estimates the Metropolitan Police Commissioner has made of the cost of providing the necessary retraining arising from his Career Management policy. [6451]

Mr. Michael: The Commissioner informs me that there will be no increase in the Metropolitan Police's training budget as a result of the introduction of the new tenure policy. Any additional demands for training will not be significant and will be met from within existing budgets.

Policing (British Field Sports Rally)

Mr. Pickthall: To ask the Secretary of State for the Home Department what is his estimate of the cost of policing the British Field Sports Rally in Hyde Park on 10 July. [7125]

Mr. Michael: The Commissioner informs me that the estimated staffing cost to the Metropolitan Police for policing the British Sports Rally in Hyde Park on 10 July is £119,374, on the basis of a complete eight hour tour of duty for all staff. The figure covers the cost of the normal duties the officers would have otherwise undertaken. No figure is available for the costs of support services, such as catering and transport. The extent to which officers are deployed to police a public order event is an operational decision for the Commissioner of Police of the Metropolis.

Old Documents

Mr. Baker: To ask the Secretary of State for the Home Department what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7203]

Mr. Straw: The oldest documents retained in the Home Office under section 3(4) of the Public Records Act 1958 date from 1876. They are concerned with matters relating to national security. It had earlier been decided that it would not be in the public interest to disclose their nature. Now that the matter has been drawn to my attention by the hon. Member's question, I have asked that this decision be reviewed, given the antiquity of the files in question.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for the Home Department if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7142]

Mr. Straw: The Year 2000 computer problem will impact directly on the business of the Department. For this reason, the Director of each business area in the Home Office has appointed a Year 2000 manager who is responsible for ensuring that computer systems within their area are Year 2000-compliant. Initial inventory and audits were completed by December 1996 and costed plans for resolving the problem are to be produced by each business area by October 1997. The aim is for all system changes to have been implemented and tested by December 1998, and for the cost of preventive and remedial action to be met from within existing provision. At present, the project is on schedule to meet these dates.

The Corporate Resources Director is chairing a Year 2000 Steering Committee, the terms of reference for which include the monitoring of action taken across the Department to ensure that the timetable is met and the sharing of information to ensure that business areas benefit from experience elsewhere and that they co-operate where appropriate. My Department is represented on the Central Computer and Telecommunications Agency's (CCTA) Year 2000 Public Sector Group and is using the guidance issued by CCTA "Tackling the Year 2000".

WALES

Surgery

Mr. Alan Williams: To ask the Secretary of State for Wales what monitoring takes place of the quality of surgery carried out in general practitioners' surgeries in Wales; how this compares with the monitoring of similar surgical work in hospitals; and if he will make a statement. [5321]

Mr. Win Griffiths: Since 1 April 1996, GPs providing secondary care services in a primary care setting are required to obtain Health Authority approval to ensure the safe and effective provision of such services. Health Authorities must also satisfy themselves of a GPs competence to undertake and continue to undertake minor surgical procedures, as part of their normal general medical services commitments. Authorities must ensure the strict criteria for admission to their minor surgery list is met prior to agreeing to pay for these services, as with any other provider for whom it has a contract to purchase services.

NHS Internal Market

Mr. Denzil Davies: To ask the Secretary of State for Wales if he will set out the steps which are being taken by his Department to end in Wales the internal market of the national health service. [5874]

Mr. Win Griffiths: I have deferred approval of the eighth wave of GP fundholding until July 1998 to allow breathing space to develop alternative commissioning models. I recently announced that I would be inviting proposals to pilot new arrangements for locality commissioning, supported by some of the savings generated by the postponement.

Officials have notified health authorities and GP fundholders that revised budgetary arrangements will be developed to remove some of the disadvantages experienced by patients of non-fundholding practices. Detailed guidance will issue shortly.

I have also asked the Welsh Association of Fundholding Practices (WAFP) and the General Medical Services Council (GMSC) for Wales to work with me to determine the direction of health care in the principality, building on current best practice.

On 25 June the Government announced a White Paper on the National Health Service's internal market. It will be the subject of extensive consultation throughout Wales in the autumn.

Hill Livestock Compensatory Allowance

Mr. Wigley: To ask the Secretary of State for Wales if he will ensure that, in reviews of the common agricultural policy *(a)* the future of hill livestock compensatory allowances is safeguarded and *(b)* such allowances are at adequate levels to sustain the agricultural activity of the less favoured areas. [6388]

Mr. Win Griffiths: The Government will take account of the interests of sheep and suckler cow producers in less favoured areas during its negotiations on common agricultural policy reform in the EU Council of Agriculture Ministers; and in setting the annual rates of hill livestock compensatory allowances.

Beef

Mr. Wigley: To ask the Secretary of State for Wales what was the average market price of beef in Wales in the months of April and May; what were the corresponding figures for April and May in *(a)* 1995 and *(b)* 1996; and if he will make a statement on the impact of these facts on Government policy in relation to the beef sector in Wales. [6389]

Mr. Win Griffiths: The average market prices were as follows (in pence per kg liveweight for steers, heifers and young bulls):

	April	*May*
1995	121.03	119.44
1996	103.80	102.43
1997	95.01	89.75

The Government will take account of all relevant facts in developing its policy towards the beef industry, and will negotiate positively with the European Commission and other member states in order to secure removal of the export ban.

Velindre Hospital

Ms Julie Morgan: To ask the Secretary of State for Wales, pursuant to his statement to the Welsh Grand Committee of 30 June, *Official Report*, column 25, in relation to the replacement of radiotherapy machines at Velindre hospital, if he will list *(a)* the date on which the business case for replacement was sent to his Department by the Trust, *(b)* the date on which the PFI proposal is to be advertised in the Official Journal of the European Communities, *(c)* the approximate capital cost of the scheme, *(d)* the indicated length of contract for the PFI proposal and *(e)* the date on which he expects work to commence. [7211]

Mr. Win Griffiths:

(a) 21 April 1996

(b) 12 October 1996

(c) £4 million

(d) Not less than 10 years

(e) Date unknown as yet. A business case is being prepared for submission to the Welsh Office in the Autumn.

Old Documents

Mr. Baker: To ask the Secretary of State for Wales what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7198]

Mr. Ron Davies: Safeguarding of Airfield Site plan 1945.

Educational Standards

Ms Lawrence: To ask the Secretary of State for Wales what plans he has for raising educational standards in Wales; and if he will make a statement. [7644]

Mr. Ron Davies: I have today laid before the House a White Paper, the first in modern times to focus exclusively on education in Wales. Called 'Building Excellent Schools Together', it sets out our vision of improving standards through co-operation to create an education system designed to benefit the many, not the few.

Central to the White Paper are our key principles. We have promised to make education and training the cardinal priority of government in Wales. We shall work with teachers, recognising their efforts and encouraging them to succeed in lifting achievement and attainment across the board. We shall focus on standards, rather than a damaging concentration on structures–and we will not tolerate underperformance. We shall also ensure that government policy is applied in a way that reflects the distinctive needs and circumstances of Wales.

Raising standards of literacy and numeracy will be at the heart of our programme of reform. Following my right hon. Friend's Budget Statement to the House on 2 July, substantial extra funding will be allocated to education in Wales and we shall use this where we can achieve the best results. We shall also provide leadership and support to all those who have a contribution to make in the drive to raise standards overall. This will draw in the help of everyone with a stake in excellent education for all pupils at school in Wales; teachers, parents, governors, education authorities and business people alike.

INTERNATIONAL DEVELOPMENT

Old Documents

Mr. Baker: To ask the Secretary of State for International Development what is the date and title of the oldest document or archival unit retained by her Department which has not been passed on to the Public Record Office for release for public inspection. [7205]

Clare Short: The oldest archival unit held in DFID, which will be eligible for eventual release to the Public Record Office, dates from June 1961, and is titled "Security Arrangements". The papers have been retained because of their Security significance.

WaterAid

Mr. Luff: To ask the Secretary of State for International Development if she will visit the offices of WaterAid to discuss the funding and activities of the charity; and if she will make a statement. [6771]

Clare Short: We welcome an active dialogue with WaterAid. We are currently co-funding 12 WaterAid projects with a total cost of £950,000 this financial year. My hon. Friend the Under-Secretary of State for International Development met WaterAid's Director on 3 July. My officials are in regular contact. I have made it clear that access to safe water and sanitation is a priority

in combating poverty. I certainly intend to meet WaterAid, and the other NGOs active in developing countries as soon as possible.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for International Development if she will make a statement on her Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7138]

Clare Short: We expect to have resolved problems relating to the year 2000 on information systems critical to the business of the Department by the end of 1998. We are working in parallel on smaller systems established by various sections within the DFID, and expect to resolve them by mid-1999. The identifiable cost of dealing with Year 2000 issues is around £200,000 although this figure is an underestimate of the total since other Year 2000 costs have been subsumed within the costs of rewriting critical systems for a new operating environment. The official in overall charge of dealing with the Year 2000 is the head of the Information Systems Department. The number of staff working on the project is around five, supplemented by resources brought in from consultants.

Aid and Trade

Mrs. Gillan: To ask the Secretary of State for International Development what was the total value of exports receiving aid and trade provision assistance over the past three years by country. [6883]

Clare Short: The following table lists by country the ATP projects with their total export value agreed during the last three years:

Export value for Financial Year's 1994–95 to 1997–98

Country	*£ million*
Chile	2.37
China	104.57
Ghana	23.80
Indonesia	125.75
Lesotho	6.55
Pakistan	7.23
Philippines	41.48
Sri Lanka	0.09
Thailand	15.02
Zimbabwe	3.96
Total	330.82

NATIONAL HERITAGE

National Lottery Grants

Mr. Gordon Marsden: To ask the Secretary of State for National Heritage how many national lottery grants have been awarded to organisations and groups in Blackpool, South; and what are the values of those grants. [6577]

Mr. Banks: To date 13 grants totalling £1,681,676 have been made to organisations and groups in Blackpool, South. The details are as follows:

Distributing body	*Award date*	*Recipient*	*Award amount (£)*
Arts Council of England	21 February 1996	North Fylde Music Cycle	41,108
Arts Council of England	19 March 1997	Blackpool Town Centre Forum Ltd.	5,000
Heritage Lottery Fund	18 September 1996	Furness Railway Trust	97,500
National Lottery Charities Board	17 December 1996	The Blackpool Fylde and Wyre Society for the Blind	175,515
National Lottery Charities Board	23 October 1995	Blackpool Wyre Fylde Community Voluntary Services	110,000
National Lottery Charities Board	17 December 1996	Disability Information Services, Blackpool, Wyre and Flyde	97,300
National Lottery Charities Board	11 August 1996	Home Start Grange Park	69,140
National Lottery Charities Board	17 December 1996	Age Concern Blackpool and District	50,980
National Lottery Charities Board	11 August 1996	Blackpool Single Homeless Project	28,767
National Lottery Charities Board	19 December 1995	Kensington House Trust	6,000
Sports Council	5 June 1997	Blackpool Borough Council	884,200
Sports Council	10 October 1996	Blackpool Borough Council	68,000
Sports Council	19 June 1996	Blackpool and Fylde No. 4 Sub Aqua Club	48,166
Total 13 awards			1,681,676

Mr. Marsden: To ask the Secretary of State for National Heritage what plans he has to discuss with the national arts councils ways in which greater regional input can be obtained in respect of their grant-making procedures, with particular reference to the Government's proposals for regional development agencies. [6574]

Mr. Fisher: The Government is committed to encouraging more decision making at local level. It is consulting on the potential role and functions of the regional development agencies and how they can work with other regional development agencies and how they can work with other regional and national bodies. Furthermore, we will be publishing a White Paper on Lottery distribution later this month which will set out the Government's thinking about ways to achieve a more strategic and co-ordinated system of Lottery distribution.

Ryder Cup (Television)

Mr. Grogan: To ask the Secretary of State for National Heritage if he will ensure that highlights of the Ryder Cup will be available on terrestrial television. [6875]

Mr. Fisher: The Ryder Cup is not one of the events listed under Part 4 of the Broadcasting Act 1996. The arrangements for broadcasting the event are a matter for the rights holders and the broadcasters to determine. However, I understand that the owners of the rights to the European tournament are committed to the voluntary agreement on "unbundling" the various broadcast rights. The review of listed events will need to assess the

effectiveness of the present arrangements for "unbundling" as a substitute form of access to some events.

Concessionary Television Licences

Mr. Hancock: To ask the Secretary of State for National Heritage (1) what plans he has to review the entitlement to reduced television licence fees for retirement pensions; [6635]

(2) what representations he has received concerning the position of retirement pensioners in sheltered housing paying a reduced television licence fee whose resident warden is replaced by a community alarm system. [6638]

Mr. Fisher: The Government will be reviewing the arrangements for funding the BBC from 2002 before that date and this review will include consideration of the concessionary arrangements. We have received approximately 160 letters on various aspects of the concessionary television licence scheme.

Mr. Barnes: To ask the Secretary of State for National Heritage what reduction in television licence fees a registered blind person is entitled to; for how long this entitlement has been in operation at its current level; and if he will make a statement. [6611]

Mr. Fisher *[holding answer 7 July 1997]:* The reduction in the television licence fee for registered blind people is £1.25. The reduction has remained at its present level since 1965. The Government will be reviewing the arrangements for funding the BBC from 2002 before that date and this review will include consideration of the concessionary arrangements.

Sport Commentaries

Ms Walley: To ask the Secretary of State for National Heritage if he will place particular priority on local radio for live commentary in his review of the protected list of sports events; and if he will make a statement. [6869]

Mr. Fisher: The arrangements for listing under the Broadcasting Act 1996 refer only to live television broadcasts of major events. However, the review of listed events will need to assess the effectiveness of the voluntary arrangements for unbundling the various types of broadcasting rights as a substitute form of access to some events. In doing so, we may also consider whether more needs to be done to secure live radio commentary on major events.

Office of the National Lottery

Mr. Maclennan: To ask the Secretary of State for National Heritage (1) how many copies of the OFLOT annual report 1996–97 OFLOT purchased from The Stationery Office; and what was the cost incurred; [6776]

(2) how many copies of the OFLOT annual report 1996–97 OFLOT distributed free of charge; and what was the cost incurred; [6777]

(3) what percentage of OFLOT's annual budget has been devoted to the purchase and distribution of the annual report in each year since its establishment. [6779]

Mr. Banks *[holding answer 4 July 1997]:* This is a matter for OFLOT. I have asked the Director-General, to write to the hon. Member, and copies of his response will be placed in the Libraries of the House.

Mr. Maclennan: To ask the Secretary of State for National Heritage what guidance he gave to OFLOT regarding the production of the annual report. [6778]

Mr. Banks *[holding answer 4 July 1997]:* The Director-General of the National Lottery is required by section 14 of the National Lottery ect. Act 1993 to provide an annual report about the exercise of his functions during the year.

The report is presented to my right hon. Friend the Secretary of State who lays it before Parliament. The content of the annual report is a matter for the Director-General.

TREASURY

Advance Corporation Tax

Mr. Bernard Jenkin: To ask the Chancellor of the Exchequer if he spoke to journalists from the *Financial Times* concerning his budget proposals for ACT prior to the Budget statement. [7194]

Mr. Gordon Brown: No.

Budget (Leaks)

Mr. Winnick: To ask the Chancellor of the Exchequer on how many occasions in the last 14 years accurate disclosures of budget information appeared in the Press prior to the Budget; which media outlets they appeared in; and if he will make a statement. [7263]

Mr. Gordon Brown: More than once. Speculation, of varying degrees of accuracy, is a traditional feature of the Budget process.

The specific information sought could be assembled only at disproportionate cost.

Mr. Cash: To ask the Chancellor of the Exchequer if he will list the *(a)* Crown servants and *(b)* other advisers to Ministers who (i) gave interviews to, (ii) made statements to and (iii) answered questions from journalists or representatives of the *Financial Times* in the period of 48 hours before the Budget Statement. [7266]

Mr. Brown: No pre-Budget briefings were given to the press on Budget measures. Details of the Budget were not given to journalists in advance.

Sir Patrick Cormack: To ask the Chancellor of the Exchequer who in his Department was responsible for giving pre-Budget briefings to the press; how recently such briefings were given to the *Financial Times*; what specific subjects they covered; and if details of the Budget statement were given to any journalists before he presented them to the House. [7077]

Mr. Brown *[holding answer 7 July 1997]:* No pre-Budget briefings were given to the press on Budget measures. Details of the Budget statement were not given to journalists in advance. However, I and my Ministerial

colleagues made clear that we would use the Budget to meet the promises before taking office. We delivered on those promises.

Windfall Tax

Mr. Mackinlay: To ask the Chancellor of the Exchequer if the port of Tilbury will be subject to the windfall tax. [7067]

Mr. Geoffrey Robinson *[holding answer 7 July 1997]:* No. Details of those companies falling within the scope of the windfall tax were set out in the Inland Revenue press notice on the windfall tax issued after the Chancellor's Budget statement on 2 July.

Mr. Ian Bruce: To ask the Chancellor of the Exchequer if he will investigate the disclosure of information relating to the windfall tax contained in the Budget to managers of the privatised industries prior to the Budget statement. [7092]

Mr. Robinson *[holding answer 7 July 1997]:* No. I see no reason for such an investigation as there was no such disclosure. In designing the windfall tax the Government deliberately sought representations from organisations on the technical aspects of the tax: over 50 responded. This process, and the extensive consultations with the regulators, helped the overall design of the tax. All this is public knowledge.

Job Creation

Mr. Jack: To ask the Chancellor of the Exchequer, pursuant to Treasury press release 60/97 of 4 June 1997, which European institutions will have direct responsibilities for creating jobs for all those living in Europe. [3358]

Mrs. Liddell: It is for the Governments of the member states to have the policies in place which create the economic conditions which enable employment to flourish, rather than for European institutions to create jobs. But the European institutions do have important roles to play in extending and policing the internal market in the EU and in facilitating dialogue between the member states on how to tackle unemployment.

Channel 4

Mr. Green: To ask the Chancellor of Exchequer if he will estimate the revenue which would be raised by the privatisation of Channel 4. [3324]

Mr. Geoffrey Robinson: The proceeds from any hypothetical privatisation depend on the method of sale.

Euro

Sir Richard Body: To ask the Chancellor of the Exchequer what study his Department has undertaken of the likely effect on prices of the rounding up of the sterling-euro fractional differential if the United Kingdom adopts the euro. [6097]

Mrs. Liddell: My department has not undertaken any studies of the possible effects on prices, if any, of rounding the results of converting between sterling and the euro if the United Kingdom were to adopt the single currency.

Sir Richard Body: To ask the Chancellor of the Exchequer how much Nordic gold would be required if the United Kingdom were to join the euro; what the total requirement for the euro zone would be; and what the current stocks are. [6852]

Mrs. Liddell: The proposed Council Regulation (EC) on denominations and specifications of euro coins intended for circulation in countries which adopt the single currency has not been formally adopted. It proposes that three of the eight denominations of euro coins should be made of an alloy called Nordic gold. It is estimated that if this proposal were adopted, and if the United Kingdom were to participate in the single currency, approximately 20,000 tonnes of Nordic gold would be required to manufacture the necessary coins for circulation in the United Kingdom. The total required within the European Community if the proposal were to be adopted would depend on which countries participate in the single currency. Materials for coin production would be produced to order as required in such circumstances.

Household Income

Mr. Paice: To ask the Chancellor of the Exchequer what proportion of gross earned income for a married couple with average household income was taken by *(a)* income tax, *(b)* national insurance, *(c)* VAT and *(d)* excise duties, during the year 1996–97. [3349]

Dawn Primarolo: The information requested can be obtained from Table 13.7b of the Tax Benefit Reference Manual 1997–98 Edition, a copy of which has been placed in the House of Commons Library.

EU Funds (Bank Deposits)

Sir Richard Body: To ask the Chancellor of the Exchequer what European Union funds have been deposited in banks that have subsequently collapsed; and what sums have been lost. [6770]

Mrs. Liddell: None in the United Kingdom or, so far as we are aware, elsewhere, but only the European Commission would be able to provide a definitive answer.

Unemployment

Ms Oona King: To ask the Chancellor of the Exchequer (1) how many people aged under 25 years in *(a)* Newham, *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest, *(f)* Barking and Dagenham and *(g)* the United Kingdom have been unemployed for more than six months; and, in each case, what percentage this figure is of all economically active people aged under 25 years; [6811]

(2) how many people aged over 25 years in *(a)* Newham, *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest, *(f)* Barking and Degenham and *(g)* the United Kingdom have been unemployed for more than two years; and in each case, what percentage this figure is of all economically active people aged over 25 years. [6812]

Mrs. Liddell *[holding answer 7 July 1997]:* The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to given.

Letter from Tim Holt to Ms Oona King, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as Director of the Office for National Statistics to your recent questions on the duration of unemployment of under and over 25 year olds.

The measure of unemployment, derived from the quarterly Labour Force Survey (LFS), is defined on a consistent and internationally recognised basis set out by the International Labour Organisation (ILO) and counts as unemployed people who are: a) without a paid job; b) available to start work within the next two weeks and c) have either looked for work in the last four weeks or are waiting to start a job already obtained. However, largely because it is a sample survey, information is not available from the LFS in as much geographical detail as from the claimant count measure described below.

ONS also publishes the monthly claimant count, which is based on the administrative system and includes all people claiming unemployment-related benefits (i.e. Jobseekers Allowance, Income Support or National Insurance credits) at Employment Service offices on the day of the monthly count, who on that day had signed on as unemployed and available to do any suitable work. Essentially, all people who attend an Employment Service office to sign are counted, irrespective of whether they are actually receiving benefit.

The data you have requested for London local authority districts can only be derived from the claimant count, as the Labour Force Survey does not provide sufficient detail at this level. As the concept of "economically active" is an ILO one, it is not compatible with claimant count data, and therefore percentages are not given for claimant figures.

The latest available data, April 1997, for under 25 year olds and over 25 year olds claiming unemployment-related benefits for over 6 months and 2 years respectively are shown in the attached table.

The winter 1996/7 LFS shows there were 262,000 (5.7 per cent of economically active in the same age group) people aged 16–24 and 467,000 (1.9 per cent. of economically active in the same age group) people aged 25 and over who have been ILO unemployed for 6 months or more and 2 years or more respectively.

Claimant count, April 1997

	Under 25 year old claimants	*Over 25 year old claimants*
Newham	1,844	2,839
Tower Hamlets	1,490	2,540
Hackney	2,046	4,516
Redbridge	728	1,523
Waltham Forest	1,195	2,363
Barking and Dagenham	615	1,085
United Kingdom	179,569	326,670

Ms Walley: To ask the Chancellor of the Exchequer how many *(a)* males and *(b)* females in the constituency of Stoke-on-Trent, North have been unemployed for (i) under six months, (ii) over six months, (iii) over 12 months and (iv) over 18 months. [6864]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Ms Joan Walley, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as the Director of the Office for National Statistics to your recent question (6864) on the duration of unemployment of males and females in the Stoke-on-Trent North parliamentary constituency.

The data you have requested can only be derived from the monthly count of people claiming unemployment-related benefits (i.e. Jobseekers Allowance or National Insurance credits). Essentially, all people who attend an Employment Service office to sign on the designated day are counted.

The figures in the table below are for April 1997, the latest date for which figures are available.

Stoke on Trent, North: Persons claiming unemployment-related benefits

	Males	*Females*
Claiming for under 6 months	770	226
Claiming for over 6 months	710	174
of which claiming for over 12 months	452	94
of which claiming for over 18 months	300	59

Ms Walley: To ask the Chancellor of the Exchequer how many people aged 18 to 24 years have come off unemployment benefit in each of the last five years in the constituency of Stoke on Trent, North and into what activity they moved. [6865]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Ms Joan Walley, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as Director of the Office for National Statistics to your recent question on how many people aged 18 to 24 years left the claimant count in each of the last five years in the parliamentary constituency of Stoke-on-Trent North, and the reasons why they left.

The information requested is not available for the exact areas of parliamentary constituencies. The estimates provided refer to claimants who are registered at the two Employment Service jobcentres situated within the Stoke-on-Trent North parliamentary constituency area.

Total numbers leaving the claimant count from 1992 to 1996 are shown in Tables 1 to 3, but information on the destination of leavers from the claimant count is not available for 1992 to 1994.

For 1995 and 1996, numbers of leavers from the claimant count are shown in Tables 2 and 3 according to the claim end reason categories identified in those years. The percentages shown in these tables are expressed in terms of leavers with a known destination.

Table 1: Total number of leavers from the claimant count, aged 18–24 years, Burslem and Kidsgrove employment service jobcentres, 1992 to 1994

	Total leavers
1992	2,298
1993	2,330
1994	2,172

Source:
NOMIS.

Table 2: Reason for claim termination for claimants aged 18–24 years, Burslem and Kidsgrove employment service jobcentres, 1995

Reason for leaving	*Leavers*	*As a percentage of those with a known destination*
Ceased claiming	45	3.0
Found work	1,157	76.4
Gone abroad	17	1.1

Table 2: Reason for claim termination for claimants aged 18–24 years, Burslem and Kidsgrove employment service jobcentres, 1995

Reason for leaving	Leavers	As a percentage of those with a known destination
Claimed another benefit	32	2.1
Full-time education	43	2.8
Approved training	[1]—	0.1
Claimed sickness benefit	127	8.4
Transferred to government-supported training	92	6.1
Total known destination[2]	1,510	100.0
Not known	[1]—	—
Failed to attend	470	—
Total leavers	1,990	

Source:
JUVOS Leaving Marker File.
[1] Less than 5 claimants.
[2] Totals are rounded.

Table 3: Reason for claim termination for claimants aged 18–24 years, Burslem and Kidsgrove employment service jobcentres, 1996

Reason for leaving	Leavers	As a percentage of those with a known destination
Ceased claiming	52	4.0
Found work	1,010	77.3
Gone abroad	27	2.1
Claimed another benefit	28	2.1
Full-time education	26	2.0
Claimant deceased	[1]—	0.1
Claimed sickness benefit	95	7.3
Transferred to government-supported training	60	4.6
Working on average 16+ hours	[1]—	0.2
Claimed Incapacity Support	[1]—	0.1
Defective claim	[1]—	0.2
Total known destination[2]	1,310	100.0
Not known	16	—
Failed to attend	471	—
Total leavers	1,790	

Source:
JUVOS Leaving Marker File.
[1] Less than 5 claimants.
[2] Totals are rounded.

Low Pay

Mr. Timms: To ask the Chancellor of the Exchequer what estimate he has made of the number of people in *(a)* Newham, *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest, *(f)* Barking and Dagenham and *(g)* the United Kingdom who earn less than (i) £2.50, (ii) £3, (iii) £3.50 and *(d)* £4 per hour; and what this figure is as a proportion of all employees. [6814]

Mrs. Liddell *[holding answer 7 July 1997]:* The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Mr. Stephen Holt, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as the Director of the Office for National Statistics to your recent question on earnings.

The latest information, from the New Earnings Survey (NES) April 1996, is given in the attached tables. Data are provided for the Great Britain as information for the United Kingdom is not available.

It is ONS practice for NES answers to be given as proportions earning below specified thresholds, rather than numbers, because of problems with obtaining appropriate grossing factors for the NES sample at a very detailed level of disaggregation (e.g. by industry and electoral ward).

Employees on adult rates whose pay for the survey pay-period was not affected by absence, NES April 1996

Percentage of employees with hourly earnings (excluding overtime) less than:

	£2.50	£3.00	£3.50	£4.00
Newham				
Full-time	0.3	1.0	2.1	3.4
Part-time	2.2	2.2	8.9	15.6
All	0.6	1.2	3.0	5.1
Tower Hamlets				
Full-time	0.0	0.1	0.6	2.7
Part-time	1.4	1.4	4.1	9.5
All	0.1	0.3	0.9	3.3
Hackney				
Full-time	0.0	0.0	1.4	3.3
Part-time	3.9	6.6	15.8	17.1
All	0.7	1.1	3.9	5.7
Redbridge				
Full-time	0.4	1.1	3.8	6.1
Part-time	10.3	11.5	18.4	29.9
All	2.9	3.7	7.4	12.0
Waltham Forest				
Full-time	0.5	1.9	2.9	5.8
Part-time	5.6	9.9	22.5	28.2
All	1.8	4.0	7.9	11.6
Barking and Dagenham				
Full-time	0.4	0.4	0.8	1.6
Part-time	4.3	4.3	15.2	26.1
All	1.0	1.0	3.0	5.3
Great Britain				
Full-time	0.7	1.6	4.1	8.4
Part-time	4.4	7.5	20.6	36.9
All	1.5	2.8	7.6	14.4

Ms Walley: To ask the Chancellor of the Exchequer how many people in the constituency of Stoke-on-Trent, North earn *(a)* less than £4 per hour, *(b)* £3.50 per hour and *(c)* £3 per hour. [6866]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Ms Joan Walley, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as Director of the Office for National Statistics to your recent question on earnings in Stoke-on-Trent parliamentary constituency.

The latest available information, from the New Earnings Survey (NES) April 1996, is given in the table below for the parliamentary constituency of Stoke-on-Trent North.

Employees on adult rates whose pay for the survey pay-period was not affected by absence, NES April 1996

Percentage of employees with hourly earnings (excluding overtime) less than:

	£3.00	£3.50	£4.00
Stoke on Trent North			
Full-time	0.5	1.5	11.1
Part-time	9.5	28.6	52.4
All	1.4	4.1	15.0

Employment

Ms Walley: To ask the Chancellor of the Exchequer what percentage of households *(a)* in Stoke-on-Trent, North, *(b)* by region and *(c)* nationally have no-one in full-time employment. [6868]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Ms Joan Walley, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as the Director of the Office for National Statistics to your recent question (6868) on what percentage of households have no one in full-time employment.

Estimates available from the Labour Force Survey for non-pensioner households are shown in the attached table using the new Government Office Region (GOR) geography. This information is not available below county level.

It is widely accepted that analyses of households with no one in employment or, in this case, no one in full-time employment, should exclude pensioner households. This area of analysis is relatively new for the LFS and the definition of non-pensioner or working age households is not yet firmly established. The table provided is based on the same definition of non-pensioner household as previous responses to parliamentary questions to this topic. The ONS has been assessing the various alternative definitions and expects to publish its recommendations in the September issue of Labour Market Trends.

Non-pensioner households with no one in full-time employment, not seasonally adjusted, winter 1996–97

Region	Per cent.
United Kingdom	24.8
Great Britain	24.8
England	24.3
North-east	31.2
North-west and Merseyside	27.8
North-west	26.5
Merseyside	33.3
Yorkshire and Humberside	26.2
East Midlands	21.7
West Midlands	23.9
Eastern	20.3
London	29.2
South-east	18.0
South-west	22.3
Wales	29.1
Scotland	27.1
Northern Ireland	27.3

Source:
Labour Force Survey, Office for National Statistics.

Labour Market Statistics

Ms Walley: To ask the Chancellor of the Exchequer when he plans to *(a)* publish and *(b)* introduce the outcome of the consultation exercise on the future presentation and dissemination of labour market statistics by the Office for National Statistics. [6867]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Ms Joan Walley, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as Director of the Office for National Statistics to your recent question (6867) on when he plans to publish and introduce the outcome of the consultation exercise on the labour market statistics.

Users were asked for comments on the consultation article to be provided by 14 June 1997. This information is in the process of being assessed by the ONS and an announcement of the outcome will be made by late summer.

LORD CHANCELLOR'S DEPARTMENT

Domestic Violence

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department on how many occasions an application for emergency legal aid to seek an injunction in a domestic violence case has been *(a)* granted or *(b)* refused in each of the last five years. [6375]

Mr. Hoon: The information requested is not available. The data gathered by the Legal Aid Board do not identify separately applications for emergency civil legal aid.

Legal Aid

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department on how many occasions the decision to exceed the Green Form financial limit by a solicitors practice with developed powers under a legal aid franchise has subsequently been overruled by a legal aid area office in each of the last three years. [6377]

Mr. Hoon: This information prior to June 1995 has been archived and could be provided only at disproportionate cost. As a result, figures can be provided for each of the last two years only. It is set out in the following tables.

	Number
1 July 1995 to 30 June 1996	
Total number of devolved powers to extend the financial limit on a Green Form exercised by solicitors	23,020
Number of occasions on which solicitor's decision was overruled by a legal aid area office	276

	Number
1 July 1996 to 30 June 1997	
Total number of devolved powers to extend the financial limit on a Green Form exercised by solicitors	28,481
Number of occasions on which solicitor's decision was overruled by a legal aid area office	273

Mr. Hill: To ask the Parliamentary Secretary, Lord Chancellor's Department how many solicitors' firms have been granted a legal aid franchise and in what areas of law; and how many franchised firms have devolved powers in relation to *(a)* emergency aid, *(b)* the Green Form scheme and *(c)* assistance by representation. [6376]

Mr. Hoon: As at 30 June 1997 there were 1,852 franchised solicitors' offices. The following table provides a breakdown of the franchise categories and the number of franchised offices with devolved power in emergency aid, the Green Form and assistance by representation.

Franchise category	[1]*Number of solicitors offices*	*Devolved Powers*		
		Emergency aid	*Green form*	[2]*ABWOR*
Consumer and general contract	816	35	225	—
Crime	1,089	19	741	36
Debt	568	27	266	—
Employment	557	33	162	—
Housing	634	84	333	—
Immigration	93	26	49	—
Matrimonial and family	1,671	941	1,379	226
Personal injury	1,504	79	661	—
Welfare benefits	277	29	174	—

[1] Solicitors firms may have franchises in more than one category of law.
[2] Assistance by way of representation. Devolved powers apply only to the crime and matrimonial and family franchise categories.

AGRICULTURE, FISHERIES AND FOOD

Beef Ban

Mr. Russell Brown: To ask the Minister of Agriculture, Fisheries and Food what plans he has for a new initiative to secure the lifting of the beef export ban. [7711]

Dr. John Cunningham: The Government has decided to adopt a twin-track approach of pursuing a revised Export Certified Herds Scheme, and developing a new proposal for a date-based export scheme. We have put our ideas to the Commission about both schemes, and will press both with equal vigour.

The Export Certified Herds Scheme is being revised taking account of criticisms made earlier by the EU Scientific Veterinary Committee. Eligibility for the scheme would be more restricted than initially proposed, but it would still be open in principle to producers in all parts of the United Kingdom.

Details of the date-based scheme will be announced when exploratory talks with the Commission have progressed and the Government is ready to put forward a formal proposal.

Specified Bovine Material

Mr. Keetch: To ask the Minister of Agriculture, Fisheries and Food (1) what guidance SEAC gives to hauliers concerning the cleaning of vehicles carrying specified bovine material; and if he will make a statement. [6749]

(2) how many inspectors are available to carry out examination of the cleaning of vehicles carrying specified bovine material; and if he will make a statement; [6686]

(3) how many inspections have been carried out of the cleaning of vehicles used to transport specified bovine material since 1 August 1996; how many vehicles have failed such an inspection; and if he will make a statement. [6664]

Mr. Rooker: The cleansing requirements for vehicles transporting waste material form the slaughter of cattle, including Specified Bovine Material (SBM), were considered by the Spongiform Encephalopathy Advisory Committee (SEAC) in May last year. It concluded that decontamination and proper cleaning of vehicles was important but that given the extreme nature of the chemicals which had to be used if chemical disinfection were to be relied upon it was more important to use dilution and washing with large quantities of water and detergent to ensure that vehicles were returned to a suitable state for further use.

The Specified Bovine Material Order 1997 requires any person transporting SBM to ensure that the vehicle, or part of the vehicle, in which it is conveyed is impervious and contains nothing but SBM. It must be kept covered at all times except for loading or unloading or inspection by an authorised officer of an enforcement authority. It also requires that any person transporting SBM shall ensure that the part of the vehicle in which SBM is carried is thoroughly washed and disinfected before any food, feeding stuff or other animal material or any cosmetic, pharmaceutical or medical product is subsequently placed in that part of the vehicle.

Enforcement of the vehicle cleansing requirements set out in the Specified Bovine Material Order 1997 is the responsibility of local authorities. No central record is kept of the number of local authority inspectors that examine vehicles transporting SBM or how many inspections they have made since 1 August 1996 or how many vehicles failed local authority inspections and this information could be obtained only at disproportionate cost.

Rabies

Mr. Flynn: To ask the Minister of Agriculture, Fisheries and Food if he will ensure that veterinary surgeons have unrestricted access to the inactivated rabies vaccines approved by his Department; and if he will make a statement. [6827]

Mr. Rooker *[holding answer 7 July 1997]:* The British Isles is an internationally recognised rabies free zone for terrestrial animals. We do not allow unrestricted access to rabies vaccine because its use, except for animals going for export or those going into quarantine, is unnecessary.

Mr. Key: To ask the Minister of Agriculture, Fisheries and Food what progress has been made in concluding the revised protocol on the rabies antibody test referred to in the *Official Report,* 19 February, column *513*; and if the mutual recognition of the test results referred to in the *Official Report,* 3 March, column *444*, has been agreed. [6440]

Mr. Rooker: The International Office for Epizootics (OIE) has considered the revised protocol and published it as the OIE standard recently. Whilst this is a small step in overcoming the problems of test result variability, we understand that only two laboratories are using the new protocol. The OIE is also making arrangements for a new canine standard serum to be calibrated and validated for use with this test to ensure that different laboratories produce comparable results. As far as we are aware these arrangements are still being made and no timescale for completion of the work is known.

BSE-contaminated Feed

Mr. Gordon Prentice: To ask the Minister of Agriculture, Fisheries and Food how many farmers have been found to have been in possession of BSE-contaminated feed since August 1996. [4863]

Mr. Rooker: Remnant work on the Feed Recall Scheme brought to our attention one farmer who has, since 1 August 1996, been in possession of feed containing mammalian meat and bone meal (MBM). The feed in question was not fed to livestock and has now been safely disposed of. It is impossible to say whether this feed was contaminated with the BSE agent but the controls on Specified Bovine Materials, which require the destruction of all tissues known to harbour BSE infectivity, mean that the likelihood of infectivity being present is very low.

In another incident, a farmer was found to have been storing mammalian MBM in a farm store together with ingredients used in the production of livestock feed. The MBM was disposed of in landfill. Thorough sampling showed no evidence that cross-contamination had occurred, and the premises were *not* part of a livestock enterprise.

The State Veterinary Service carries out a survey of feed mills and on farm feed mixers for evidence of breaches of feed controls. Since 1 August 1996, when the latest controls came into effect, no evidence of a breach of the legislation has been found.

Biotechnological Inventions

Mr. Flynn: To ask the Minister of Agriculture, Fisheries and Food what research his Department has undertaken into the possible *(a)* agricultural and *(b)* animal welfare implications of the draft European Parliament and Council directive on the legal protection of biotechnological inventions; and if he will make a statement. [7353]

Mr. Rooker: This draft Directive—which is still under discussion—would not in general either limit or increase the availability of patent protection as compared to that already provided in UK law. The Ministry has not commissioned research into the implications for agriculture or animal welfare. We do not consider that the patent system is the right approach for dealing with ethical and related issues arising from biotechnology. The purpose of patenting is to prevent others claiming to own or trying to use inventions. However, patent holders must also comply with all other relevant legislation and regulations which, for example, give protection to the welfare of animals.

Delivery Targets

Dr. George Turner: To ask the Minister of Agriculture Fisheries and Food what progress his Department has made in meeting the service delivery targets set out in "Commitment to Service". [7544]

Dr. John Cunningham: The following table sets out the performance achieved by Regional Service Centres against the targets set in "Commitment to Service", second edition.

RCS performance data percentage for financial year 1996–97 (unless otherwise specified)

	Total
Arable Area Payments Scheme	
Main payments	99
Oilseeds	
Advanced payments	99
Final payments	99
Beef Special Premium Scheme	
Advance payments (1996)	98
Balance payments (1995)	99
CID applications issued (1996)	99
Premium paid CIDs issued (1996)	99
Suckler Cow Premium Scheme	
Balance payments 1995	99
Advance payments 1996	99
Hill Livestock Compensatory Allowances	
Claims 1996	97
Sheep Annual Premium Scheme	
Claims marketing year 1996[1]	97
Agricultural Improvement Scheme	
Plan claims	100
Environmentally Sensitive Areas	
Applications	97
Claims	99
Environmentally Sensitive Areas Conservation Plan	
Applications	97
Claims	98
Farm and Conservation Grant Scheme 1989	
Plan claims	99
Non plan claims[2]	58
Farm and Conservation Grant Scheme 1991	
Plan claims	97

RCS performance data percentage for financial year 1996–97 (unless otherwise specified)

	Total
Farm Woodland Premium Scheme	
Applications	94
Claims (1996)	99
Injurious Weeds	
Complaints	99
Pilot Nitrate Sensitive Areas Scheme	
Claims (1996)	100
New Nitrate Sensitive Areas Scheme	
Applications (1996)	93
Claims	98
Protection of Badgers Act 1992	
Licence applications	99
Five Year Set Aside Scheme	
Claims	100
Strychnine Permits	
Applications	97
Agricultural Wage Inspections	
Complaints	91
Wildlife and Countryside Act	
Licence applications	98
Correspondence	
Answered within 10 working days	97
Complaints	
Numbers receiving response within 10 working days	88

Notes:

[1] Final payments made by 30 April 1997.

[2] The relatively high failure rate for F and CGS 1989 non-plan claims is due to a large number of claims being received in the month before the scheme closed, making it impossible to meet the Charter target in many cases.

1. The total percentage has been calculated by setting the entire number of applications or claims cleared within the target time, against the total number received. Applications and claims not cleared due to reasons beyond our control (incorrect information supplied by applicant, etc.) are not included as failures to meet target.

2. The Farm and Conservation Grant Scheme (1991) Plan applications, the Farm Diversification Grant Scheme (Capital Items) Claims, and the Farm Diversification Grant Scheme (Feasibility and Marketing) Claims have all been omitted from the table, as the numbers involved are de-minimis.

3. Three complaints were referred to the MAFF Adjudicator during the year. Two of these complaints were resolved, the other was referred to the Minister. One complaint from a previous year has been referred to the Parliamentary Commissioner for Administration and is currently under investigation.

TRADE AND INDUSTRY

Computers (Century Date Change)

Mr. David Atkinson: To ask the President of the Board of Trade if she will make a statement on her Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7141]

Mrs. Roche: Following an impact assessment study in 1996, a programme of remedial projects and related activities was initiated earlier this year. The total cost is expected to be of the order of £2.7 million over the period to Spring 1999. The programme covers the core Department's IT systems and separate programmes are in place to deal with the issue in Next Steps agencies.

The core Department's Year 2000 programme is being overseen by a steering group chaired by the Department's Director of Information Management and Technology. The resources involved vary according to the requirements of individual projects and will peak at 16 personnel in September/October 1997. Those resources are being provided by private sector contractors and the programme is being supervised by the Department's own Project Manager. All required parts of the core programme are currently on schedule.

Business Links

Mr. MacShane: To ask the President of the Board of Trade how many Business Links have been set up. [6982]

Mrs. Roche: There are 89 Business Link partnerships and 241 separate Business Link outlets.

Telecommunications Advisory Committees

Mr. Reed: To ask the President of the Board of Trade what plans she has for the future of local telecommunications advisory committees; and if she will make a statement. [6164]

Mr. Nigel Griffiths: On 30 June the President announced an inter-departmental review of utility regulation which will include an examination of the various models of consumer representation currently operating in the utilities, including in the telecommunications industry. If the review concludes that changes are necessary we will publish a consultation document setting out the options and reasons underlying the case for change.

In addition OFTEL is currently considering the responses received to its consultation document on the role of organisations who represent consumers on telecommunications matters, including the telecommunications advisory committees, and will publish a statement of its recommendations shortly. We will consider any recommendations on the telecommunications advisory committees as part of the inter-departmental review.

Multi-level Marketing

Jane Griffiths: To ask the President of the Board of Trade what is her Department's policy towards multi-level marketing. [6252]

Mr. Nigel Griffiths: Legitimate multi-level marketing schemes give people the opportunity to run their own small businesses and are therefore to be welcomed.

We do, however, need to guard against those pyramid selling schemes whose structures and reward mechanisms are such that individuals can be exploited. My Department has taken action successfully to wind up companies which are running illegal schemes.

Instruments of Torture

Mr. Hancock: To ask the President of the Board of Trade what representations she has made to the Government's legal officers concerning the prosecution of United Kingdom companies involved in the export of instruments of torture. [6629]

Mrs. Roche: The investigation and prosecution of any breaches of UK export controls is a matter for HM Customs and Excise and we would urge anyone in possession of information which might suggest that offences have been committed to make it available to them.

Mr. Hancock: To ask the President of the Board of Trade what representations she has received concerning the export by United Kingdom companies of electric shock devices. [6636]

Mrs. Roche: My Department regularly receives representations from individuals and organisations proposing that the Government should ban the export of such devices. We are committed to preventing British companies from manufacturing, selling or procuring equipment designed primarily for torture and to press for a global ban. Work is in hand on how best to take forward this commitment.

Trade Union Subscriptions

Ms Beverley Hughes: To ask the President of the Board of Trade if she will make a statement on the Government's policy towards the requirement for employers to obtain re-authorisations from their employees every three years for the deduction of trade union subscriptions direct from pay. [7645]

Mrs. Beckett: The Government believes this requirement is unnecessary and burdensome for employers and unions. We propose to repeal it by a deregulation order under the Deregulation and Contracting Out Act 1994. After we have consulted with interested parties this summer on the scope and content of a deregulation order, we intend to start the Parliamentary stages in the autumn, and complete the repeal next year.

Post Office

Mrs. May: To ask the President of the Board of Trade what are the terms of reference given to those undertaking the review of the Post Office and the timetable set for the review; and what interim requirements have been set for the review. [7271]

Mr. Ian McCartney: The terms of reference for the review of the Post Office are to identify practical options for introducing greater commercial freedom in accordance with our election manifesto commitment. A scoping exercise is currently in progress to establish what changes can be introduced quickly and to set a timetable for addressing more complex issues. I hope to announce the results of the initial exercise in the Autumn.

Mrs. May: To ask the President of the Board of Trade when she expects the review of the Post Office to be completed. [7270]

Mr. McCartney: We are aiming to make good progress but it is too early yet to say when the review will be completed.

Supervision

Mr. Mitchell: To ask the President of the Board of Trade what sanctions his Department is able to impose on individuals criticised in DTI inspectors' reports. [6470]

Mr. Nigel Griffiths: A criminal investigation and/or disqualification proceedings may be commenced against individuals criticised in inspectors' reports. The reports may also be disclosed to recognised professional and regulatory bodies.

Mr. Mitchell: To ask the President of the Board of Trade how many individuals from accountancy firms criticised by the DTI inspectors are currently seconded to her Department; and at what cost to public funds. [6469]

Mr. Griffiths: There are currently 3 individuals seconded to the Department from accountancy firms which have in the past been criticised in Inspectors' reports. The annual cost is approximately £120,000 plus VAT. None of the individuals have been personally criticised by Inspectors. The criticism of their firms was in reports published prior to 1993.

Resort Hotels

Mr. Mitchell: To ask the President of the Board of Trade if she will establish an inquiry into the auditing of Resort Hotels plc. [6059]

Mr. Ian McCartney: Resort Hotels plc collapsed in 1994 with substantial debts. The managing director of Resort Hotels, Mr. Robert Philip Feld, was found guilty on 1 April 1997 of fraud and forgery and was jailed for eight years; the audit of the accounts was referred to during his trial. Under Part II of the Companies Act 1989 the Recognised Supervisory Bodies (RSBs), are responsible for dealing with complaints against registered auditors. In the case of Resort Hotels the responsible RSB is the Institute of Chartered Accountants of England and Wales who are inquiring into the auditing of Resort Hotels in the light of Mr. Feld's trial. I shall write to my right hon. Friend when I hear the outcome of their inquiries.

Inward Investment

Mr. Rapson: To ask the President of the Board of Trade if she will set out her assessment of the prospects for future inward investment in the United Kingdom. [5736]

Mr. Ian McCartney: The UK faces increasing competition to attract inward investment to and within Europe and I expect that to continue. Our record as Europe's number one location for investment from the US, Japan and Korea remains intact but we shall maintain it only by consolidating and building on the UK's attractions as an international investment location. The Invest in Britain Bureau's 1996–97 report will be published on 16 July and will contain further details of the UK's current performance.

FOREIGN AND COMMONWEALTH AFFAIRS

European Union

17. **Mr. Jim Marshall:** To ask the Secretary of State for Foreign and Commonwealth Affairs when he next intends to meet his EU and WEU counterparts to discuss closer links between the two organisations. [5746]

Mr. Doug Henderson: I expect to meet my EU and WEU counterparts, to discuss strengthened links between the two bodies, when we are ready to finalise a WEU Declaration which will complement the Amsterdam Treaty.

27. **Mr. Laurence Robertson:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make it his policy to consult the electorate before ceding further powers to the European Union. [5756]

Mr. Henderson: On 1 May the electorate gave its overwhelming support to the present Government and its manifesto which included a commitment to a fresh start in Europe.

Sri Lanka

18. **Mr. Llwyd:** To ask the Secretary of State for Foreign and Commonwealth Affairs what assessment the Government have made of civil rights in Sri Lanka; and if he will make a statement. [5747]

Mr. Fatchett: Basic civil rights are enshrined in the Sri Lankan constitution. We hope that the Sri Lankan Government will continue to respect them.

India and Pakistan

19. **Jane Griffiths:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on United Kingdom relations with India. [5748]

Mr. Fatchett: We enjoy good relations with India as I discovered during my visit there last month. We look forward to strengthening this relationship still further.

24. **Mr. Corbett:** To ask the Secretary of State for Foreign and Commonwealth Affairs what proposals he has to encourage improved relations between India and Pakistan. [5753]

Mr. Fatchett: We welcome the talks between India and Pakistan and support them in their desire to achieve progress. We are willing to provide our good offices if both sides want us to.

32. **Mrs. Mahon:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on United Kingdom relations with Pakistan. [5761]

Mr. Fatchett: We have good relations with Pakistan and look forward to strengthening them further.

Burma (Human Rights)

20. **Mr. Clapham:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the steps being taken by his Department to improve human rights in Burma. [5749]

Mr. Fatchett: I refer my hon. Friend to the reply I gave to the hon. Member for Peterborough (Mrs. Brinton) earlier in the House today.

Middle East Peace Process

21. **Mr. Galloway:** To ask the Secretary of State for Foreign and Commonwealth Affairs what discussions he had whilst in the United States of America on the prospects for peace in the middle east; and if he will make a statement. [5750]

Mr. Fatchett: My right hon. Friend the Foreign Secretary discussed the Middle East peace process with his colleagues at the Denver Summit. The G8 expressed concern at the crisis faced by the Middle East peace process and determination to inject new momentum into the search for a just and lasting settlement.

Hong Kong

22. **Mr. Alan Keen:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the United Kingdom's role in the future of Hong Kong. [5751]

26. **Mr. Rooney:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the United Kingdom's role in the future of Hong Kong. [5755]

Mr. Fatchett: As a co-signatory of the Joint Declaration, Britain has an enduring moral and political responsibility towards Hong Kong. We will continue to watch developments closely, in particular through the Sino-British Joint Liaison Group, which continues until 1 January 2000. We will report to Parliament at six-monthly intervals on the implementation of the Joint Declaration, with special reference to the protection of human rights in Hong Kong. We will also continue to remind the international community of its stake in Hong Kong's continuing success.

Mr. Day: To ask the Secretary of State for Foreign and Commonwealth Affairs (1) if he will list the departmental special advisers and parliamentary private secretaries who attended the hand over ceremonies in Hong Kong; [6965]

(2) if he will list the publicly funded travel and accommodation costs incurred by individual departmental special advisers and parliamentary private secretaries who attended the handover ceremonies in Hong Kong; [6959]

(3) if he will list the overall cost to the Exchequer of travel and accommodation expenses incurred by departmental special advisers and parliamentary private secretaries who attended the hand over ceremonies in Hong Kong; [6956]

(4) how many departmental special advisers and parliamentary private secretaries attended the handover ceremonies in Hong Kong. [6961]

Mr. Fatchett *[holding answer 7 July 1997]:* The only Departmental Special Advisers or Parliamentary Private Secretaries to attend the handover ceremonies in Hong Kong were Mr. Alastair Campbell, Chief Press Secretary to the Prime Minister, and Mr. Andrew Wood, Special Adviser to the Foreign Secretary.

The Chief Press Secretary accompanied the Prime Minister at no additional cost to the taxpayer.

Mr. Hood accompanied my right hon. Friend the Secretary of State for Foreign and Commonwealth affairs on the chartered plane which took the official British delegation to Hong Kong, at no additional cost to the taxpayer. his accommodation cost £2,581, which was met from public funds.

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement regarding his discussions in Hong Kong with his Chinese counterpart Qian Qichen. [7178]

Mr. Fatchett: The meeting in Hong Kong between my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs and his Chinese counterpart which I also attended was the first since taking office. This was an historic occasion and provided a unique opportunity to set the tone for future relations. Discussions focused mostly on Hong Kong issues but also covered a range of bilateral matters including human rights.

Exports

23. **Mr. Barry Jones:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the assistance his Department provides for exporting to north America. [5752]

Mr. Fatchett: A wide range of services is available to British exporters through our network of twelve Diplomatic Posts in the US and four in Canada. The assistance available includes market research, customised contact lists, help with finding agents and distributors and help with publicity for new products and services. Support is also available for companies participating in trade missions and trade fairs in the region.

31. **Dr. Naysmith:** To ask the Secretary of State for Foreign and Commonwealth Affairs what steps he proposes to take to promote Britain's export trade. [5760]

Mr. Fatchett: I refer the hon. Member to the answer I gave, earlier in the House today, to the hon. Member for Kilmarnock and Loudoun (Mr. Browne).

Nuclear Deterrent

25. **Dr. Julian Lewis:** To ask the Secretary of State for Foreign and Commonwealth Affairs what assessment he has made of the implications of the treaty of Amsterdam on the future control of the British strategic nuclear deterrent. [5754]

Mr. Doug Henderson: We believe that the Treaty of Amsterdam has no implications for the British nuclear deterrent.

Qualified Majority Voting

28. **Mr. Blunt:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list the policy areas in the Amsterdam inter-governmental treaty in which he proposed the introduction of qualified majority voting, but failed to achieve agreement. [5757]

Mr. Doug Henderson: Discussion of QMV in the IGC was based on Presidency proposals. These included introducing QMV in areas such as industry and the environment, where the UK supported some extension of QMV, but on which there was ultimately no agreement.

34. **Mr. Clappison:** To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his answer to the hon. member for Daventry (Mr. Boswell) on 23 June, *Official Report*, column *346*, if he will make a statement on the impact of the extension of qualified majority voting under the Amsterdam Treaty. [5763]

Mr. Henderson: We fully support the modest extension of qualified majority voting agreed at Amsterdam which will help effective decision making in areas like fraud and research and development.

Carbon Dioxide Emissions

29. **Ms Southworth:** To ask the Secretary of State for Foreign and Commonwealth Affairs what further discussions he will be holding with United States of America authorities about the reduction of carbon dioxide emissions. [5758]

Mr. Fatchett: I and my colleagues will take every opportunity between now and the Conference in Kyoto in December to press the US to make significant reductions in carbon dioxide and other greenhouse gas emissions in the post-2000 period.

Immigration Rules

30. **Fiona Mactaggart:** To ask the Secretary of State for Foreign and Commonwealth Affairs what arrangements are being made to inform applicants for settlement in the Asian sub-continent of changes in the rules affecting their cases; and how long they may have to wait. [5759]

Mr. Fatchett: The abolition of the Primary Purpose criterion of the Immigration Rules has been widely publicised in South Asia. All visa applicants are provided with detailed guidance notes on how to make an application; these naturally include details of the current regulations. Posts in South Asia are now also offering specific advice to those whose applications are affected by the abolition of the Primary Purpose criterion.

Maximum interview waiting times for first time settlement applicants range from three months for spouses of those settled in the UK to six months for other categories. The equivalent period for those who have been refused and re-apply is nine months.

Prisoners of War

33. **Mr. Winnick:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the representations made by him over compensation for former British prisoners of war held by the Japanese. [5762]

Mr. Fatchett: I refer the hon. member to the answer my hon. Friend the Minister of State for Foreign and Commonwealth Affairs, the Member for Newcastle upon Tyne, North (Mr. Henderson) gave to the hon. member for Burnley (Mr. Pike) on 24 June, *Official Report*, column *462*.

BBC World Service

Mr. Mullin: To ask the Secretary of State of Foreign and Commonwealth Affairs what financial reduction has been imposed on the BBC World Service over and above those required by the reduction in Foreign Office funding; and if he will make a statement. [5833]

Mr. Fatchett: There have been no additional financial cuts. The restructuring is the responsibility of the BBC. This Department is monitoring its implementation particularly with regard to the special character, style, ethos and quality of the World Service.

Entry Requirements (Children)

Mr. Hinchliffe: To ask the Secretary of State for Foreign and Commonwealth Affairs what proof is required of a parent, resident in the United Kingdom and a United Kingdom national, that children, living abroad, whom they wish to bring into the country, are their natural children in the absence of a marriage certificate or birth certificate from the country of residence. [5053]

Mr. Tony Lloyd *[holding answer 1 July 1997]:* In cases where documentary evidence satisfactorily establishing the identity of children seeking to join parents who are British citizens or UK residents is not available, Entry Clearance Officers have the option to interview the sponsor and applicants to try and establish their relationship. If such an interview proves inconclusive, the Entry Clearance Officer can invite the applicants and the sponsor to take a free DNA test under the government-funded scheme. The DNA test will satisfactorily establish the relationship between applicant and sponsor.

Strategic Defence Review

Mr. Key: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list the dates and attendees by Department and grade of meetings of officials which have taken place in his Department on the Strategic Defence Review. [6762]

Mr. Tony Lloyd: This Department's officials have attended a number of meetings in the FCO on the Strategic Defence Review. On 3 July my right hon. Friend the Secretary of State for Defence and my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs held a seminar in the FCO on the Strategic Defence Review with academics and other commentators. We do not keep records of dates and the participants of all meetings attended by officials within this Department.

Sir Richard Body: To ask the Secretary of State for Foreign and Commonwealth Affairs how the responsibility for the Defence Review will be divided between his Department and the Ministry of Defence; and what the arrangements will be for his Department's involvement. [7062]

Mr. Lloyd: The first phase of the Strategic Defence Review to establish the policy baseline, is being conducted jointly by the MOD and this Department.

The MOD will lead the subsequent work, with continued involvement from this Department to assess roles, missions and capabilities required and the implications for equipment and support.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7144]

Mr. Fatchett: In accordance with central directives, this Department will submit costed Year 2000 plans to the Central Computer and Telecommunications Agency (CCTA) by October 1997. This Department is replacing Office Automation (OA) systems, thus avoiding some Year 2000 problems, and addressing other systems through its millennium programme. All major systems will be compliant by March 1999. This Department's Director of General Services is overseeing the work. Fourteen staff are currently working on the programme. This will increase. Our current cost estimate is £3 million (excluding OA replacements). We are on schedule.

China

Mr. Laurence Robertson: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement regarding the efforts being made by the Government to encourage improvement in China's human rights record. [7249]

Mr. Fatchett: The human rights situation in China is a matter of deep concern. We take every opportunity to raise the issue with the Chinese authorities. My right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs did so most recently when he met the Chinese Foreign Minister in Hong Kong on 30 June. We are looking for a constructive way forward, both bilaterally and with our EU partners, that will bring about real progress.

Indonesia

Dr. Tonge: To ask the Secretary of State for Foreign and Commonwealth Affairs what plans he has to meet the Commander in Chief of the Indonesian armed forces. [6053]

Mr. Fatchett: None.

Dr. Tonge: To ask the Secretary of State for Foreign and Commonwealth Affairs when he intends to report to the House the findings of the internal Foreign Office investigation into the use of British-supplied water cannons in Indonesia on 12 February 1997. [6054]

Mr. Fatchett: We are not aware of any such incident on 12 February.

Commonwealth Heads of Government Meeting

Mr. Gapes: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on preparations for the Commonwealth Heads of Government Meeting. [5725]

Mr. Tony Lloyd: Arrangements for the Commonwealth Heads of Government meeting in Edinburgh in October are progressing well. We are working closely with the Commonwealth Secretariat, the

Scottish Office and local police authorities in Scotland to ensure a successful meeting, which will serve the Government's aim of strengthening the Commonwealth.

Gibraltar

Mr. Mackinlay: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the consequences for Gibraltar of the Amsterdam summit. [5726]

Mr. Doug Henderson: I believe that the agreement reached at Amsterdam fully protects UK and Gibraltar's interests.

Old Documents

Mr. Baker: To ask the Secretary of State for Foreign and Commonwealth Affairs what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7204]

Mr. Tony Lloyd: The oldest papers withheld by this Department from release at the Public Record Office are some papers from Dublin Castle records in a register concerning judicial proceedings dated 1911–15 (File reference CO 904/36). These papers are being reviewed for release. My Noble Friend the Parliamentary Under-Secretary for Foreign and Commonwealth Affairs will write to my hon. Friend when the outcome of this review is complete and place a copy of the letter in the libraries of the House.

Law of the Sea Convention

Mr. Dawson: To ask the Secretary of State for Foreign and Commonwealth Affairs what action he proposes to take in respect of the United Nations Convention on the Law of the Sea. [7264]

Mr. Tony Lloyd: Ministers are currently considering the issue of UK accession to UNCLOS. The House will be informed as soon as a decision has been made.

DEFENCE

Eurofighter

Mr. Key: To ask the Secretary of State for Defence how many Eurofighter aircraft will be purchased in the United Kingdom. [6765]

Mr. Spellar: I refer the hon. Member to the answer I gave to the right hon. Member for Fylde (Mr. Jack) on 26 June, *Official Report*, column 627.

Defence Budget

Mr. Collins: To ask the Secretary of State for defence what representations he has received concerning the size of the defence budget. [6424]

Dr. Reid: My right hon. Friend the Secretary of State for Defence has received a number of enquiries about the defence budget both from Members of this House and from others. Many of these enquiries have been framed in the context of the Strategic Defence Review.

Strategic Defence Review

Mr. Key: To ask the Secretary of State for Defence if he will include submissions from the Labour Party Working Group on Defence in the Strategic Defence Review. [6843]

Dr. Reid: All outside inputs to the Strategic Defence Review will be taken into consideration as part of the Review process.

Defence Sales

Sir George Young: To ask the Secretary of State for Defence if he will make a statement on the status of United Kingdom defence sales contracts. [6648]

Mr. Spellar: Contracts for the export of defence equipment are a commercial matter between the exporting company and the customer. The exporter has to apply for an export licence where the goods covered by the contract are licensable under the Export of Goods Control Order 1994 or regulations concerning the export of dual use goods.

Indonesia

Mr. Hancock: To ask the Secretary of State for Defence if he will make a statement on the role of the UK military officers attached to the armed forces of Indonesia. [6747]

Dr. Reid: It has been the practice in the past not to release details of military assistance provided to other countries on the grounds that this information is confidential between governments and disclosure would risk damaging our international relations. This practice is now being reviewed against the background of the government's commitment to openness. I will write to the hon. Member once the review is complete.

Roll-on/roll-off Ferries

Mr. Key: To ask the Secretary of State for Defence if contracts have been signed for the purchase of two roll-on/roll-off ferries by his Department. [6758]

Mr. Spellar: No contracts have been signed for the purchase of roll-on/roll-off ferries in support of the Joint Rapid Deployment Force (JRDF). Discussions with industry are underway and an announcement will be made as soon as possible once a decision is reached.

Regimental Complement

Mr. Bob Russell: To ask the Secretary of State for Defence if he will list, for each regiment, the number by which it was below complement on 30 April; and what plans he has to bring each up to its complement. [6817]

Dr. Reid: The manning level against the complement in each of the Regiments within the Household Cavalry, Royal Armoured Corps (RAC) and Infantry at 1 May 1997 is provided at Table 1. Corresponding information for the rest of the Army is not available by regiment but is provided by Arm or Service at Table 2. The Government fully recognises the seriousness of the situation we have inherited. To improve levels of manning the Army has introduced a number of initiatives; Recruitment, Retention and Re-enlistment bounties, the

introduction of NVQs, and the formation of an Army Foundation College from September 1998. In the short term, Gurkha Re-inforcement Companies have been deployed to minimise undermanning in areas of particular concern.

Table 1: Household Cavalry, Royal Armoured Corps and Infantry

	Deficit/surplus
Household Division	
1st Battalion, Grenadier Guards	–120
N Company, Grenadier Guards	–4
1st Battalion, Coldstream Guards	–54
7 Company, Coldstream Guards	+6
1st Battalion, Scots Guards	–78
F Company, Scots Guards	–22
1st Battalion, Irish Guards	–83
1st Battalion, Welsh Guards	–29
Total	–384
Scottish Division	
1st Battalion, Royal Scots Guards	–170
1st Battalion Royal Highland Fusiliers	–79
1st Battalion, King's Own Scottish Borderers	–70
1st Battalion, Black Watch	–66
1st Battalion, Highlanders	–74
1st Battalion, Argyll and Sutherland Highlanders	–87
Total	–546
Queens Division	
1st Battalion, The Princess of Wales's Royal Regiment	–128
2nd Battalion, The Princess of Wales's Royal Regiment	–38
1st Battalion, The Royal Regiment of Fusiliers	–56
2nd Battalion, The Royal Regiment of Fusiliers	–17
1st Battalion, The Royal Anglian	+16
2nd Battalion, The Royal Anglian	+3
Total	–220
Kings Division	
1st Battalion, The King's Own Royal Border Regiment	–89
1st Battalion, The King's Regiment	–3
1st Battalion, The Prince of Wales's Own Regiment	–7
1st Battalion, The Green Howards	–22
1st Battalion, The Queen's Lancashire Regiment	–90
1st Battalion, The Duke of Wellington's Regiment	+54
Total	–157
Prince of Wales's Division	
1st Battalion, The Devonshire and Dorset Regiment	–51
1st Battalion, The Cheshire Regiment	–80
1st Battalion, The Royal Welch Fusiliers	–4
1st Battalion, The Royal Regiment of Wales	–41
1st Battalion, The Royal Gloucester Berkshire and Wiltshire Regiment	–93
1st Battalion, The Worcestershire and Sherwood Foresters Regiment	+13
1st Battalion Staffordshire Regiment	+ 3
Total	–253
Light Division	
1st Battalion, The Light Infantry	–63
2nd Battalion, The Light Infantry	–33
1st Battalion, The Royal Green Jackets	–87
2nd Battalion, The Royal Green Jackets	–59
Total	–242
The Parachute Regiment	
1st Battalion, The Parachute Regiment	–32
2nd Battalion, The Parachute Regiment	–77
3rd Battalion, The Parachute Regiment	–78
Total	–187
Royal Irish Regiment	
1st Battalion, The Royal Irish Regiment	–145
Total	–145
The Brigade of Gurkhas	
1st Battalion, The Royal Gurkha Rifles	–14
2nd Battalion, The Royal Gurkha Rifles	+13
Total	–1

The figures shown at Table 1 exclude the re-inforcement by the Gurkha Re-inforcement Companies (GRC) which number some 400 men.

Table 2: Soldier (trained) manning state by Arm Service as at 1 May 1997

Army Service	*Number surplus deficit*
Household Cavalry/Royal Armoured Corps	–80
Royal Artillery	–644
Royal Engineers	+183
Royal Signals	–782
Infantry	–2,156
Army Air Corps	–41
Royal Logistics Corps	–1,137
Royal Army Medical Corps	–175
Royal Electrical Mechanical Engineers	–323
Adjutant General's Corps	–57
Intelligence Corps	–79
Queen Alexandra's Royal Army Nursing Corps	–107
Corps of Army Musicians	–91
Others[1]	+21
Total	–5,468

[1] Includes Royal Army Veterinary Corps, Small Arms School Corps, Royal Army Dental Service, Army Physical Training Corps, Long Service List.

Figures at Table 2 represent total soldier numbers serving in the listed capbadges.

Figures at Table 1 only show soldiers serving with their parent units.

Export Credit Guarantees

Mr. Key: To ask the Secretary of State for Defence what discussions his Department has had with *(a)* the Department of Trade and Industry, *(b)* the Foreign and Commonwealth Office and *(c)* the Department of International Development about the level of export credit guarantees. [6666]

Mr. Spellar: As a member of the Export Guarantee Committee chaired by H.M. Treasury, the Ministry of Defence has regular discussions about export credit guarantees with the Department of Trade and Industry, the Foreign and Commonwealth Office and the International Development Department together with the Export

Credits Guarantee Department. This committee reviews whether countries should be on or off cover and discusses the level of export credit guarantees that should be made available.

Long-term Costings

Mr. Key: To ask the Secretary of State for Defence if he will place in the Library his Department's 10-year long-term costings. [6754]

Dr. Reid: The Ministry of Defence's long-term costing is the process by which the Department re-costs its internal plans and adjusts them. The product of this process is not contained in any single document. It has been the policy of successive governments not to publish detailed information on the outcome of the long term costing. The Department's internal plans represent projections and assumptions which inform advice to Ministers on the affordability of particular elements of the Defence programme. Accordingly, I am withholding the information requested, which constitutes internal discussion and advice, under exemption 2 of the Code of Practice on Access to Government Information. In addition, disclosure of some elements of this information could harm national security and international relations, prejudice the competitive position of the Department in future negotiations with contractors and reveal commercially confidential data. Accordingly, exemptions 1, 7 and 13 of the Code also apply.

Old Documents

Mr. Baker: To ask the Secretary of State for Defence what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Records Office for release for public inspection. [7206]

Dr. Reid: Service personnel records are routinely retained for about seventy five years so that my Department can respond to any administrative matters that may arise such as, for example, pension entitlement. The oldest such documents are Royal Naval ratings ledgers covering the period 1892–1923. These records will be assigned to Public Record Office class ADM 188 with transfer taking place during 1998.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Defence if he will publish his Department's submissions relating to freedom of information legislation. [6031]

Dr. Reid *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given to him by my right hon. Friend the Prime Minister on Friday 4 July, *Official Report*, column *294*.

Shoeburyness Ranges

Sir Teddy Taylor: To ask the Secretary of State for Defence if he has received a report from DERA about the future of the testing ranges at Shoeburyness; and if he will make a statement. [6446]

Mr. Spellar *[holding answer 3 July 1997]:* I can confirm that my right hon. Friend the Minister for Defence Procurement has recently received a proposal from the Chief Executive of the Defence Evaluation and Research Agency about the test and evaluation ranges at Shoeburyness and Eskmeals. MPs and staff will be informed of the outcome shortly.

SCOTLAND

Ayrshire and Arran Health Board

Mr. Donohoe: To ask the Secretary of State for Scotland how much Ayrshire and Arran Health Board has spent on pursuing its legal appeals against the refusal of planning permission by Cunninghame district council and the Scottish Office for Ravenspark Hospital; what legal advisers acted for the health board in these actions; what monitoring his Department has undertaken of these actions; and if he will make a statement. [5433]

Mr. Galbraith: This is a matter for Ayrshire and Arran Health Board. I have asked the Chairman to write to my hon. Friend. The Scottish Office monitors the full range of health boards' activities and expenditure, and is aware of this ongoing issue.

Local Government Finance

Mr. Welsh: To ask the Secretary of State for Scotland if he will make a statement on the time scale and terms of his review of the requirement on local authorities in Scotland to set aside 75 per cent. of their housing capital receipts for debt repayment. [6275]

Mr. Chisholm: We hope to conclude this review, which is looking at the public expenditure implications of the set aside requirement, later in the year.

Mr. Welsh: To ask the Secretary for Scotland if he will list for each local authority in Scotland the annual targets estimated at the start of the financial year 1997–98 for capital receipts, indicating for each authority receipts from *(a)* right to buy, *(b)* stock transfer and *(c)* land sales. [6276]

Mr. Chisholm: No housing receipts targets were set for Scottish local authorities for 1997–98. The estimates made by local authorities of the amounts they expect to raise as capital receipts are set out in the table.

£ million

Authority	*Estimated right to buy receipts*	*Estimated stock transfer receipts*	*Other HRA estimated receipts*[1]
Aberdeen City Council	11.718	0.000	0.900
Aberdeenshire Council	7.880	0.000	0.455
Angus Council	4.084	0.000	0.231
Argyll and Bute Council	3.230	0.000	0.015
Clackmannanshire Council	2.188	0.000	0.050
Dumfries and Galloway Council	6.414	0.000	0.505
Dundee City Council	2.600	0.000	0.720
East Ayrshire Council	5.400	0.000	0.050
East Dumbartonshire Council	2.477	0.000	0.020
East Lothian Council	3.235	0.050	0.192
East Renfrewshire Council	1.023	0.000	0.040
City of Edinburgh Council	6.627	0.000	1.107
Falkirk Council	4.776	0.000	1.040
Fife Council	11.188	0.000	0.703
City of Glasgow Council	17.943	0.000	2.190
Highland Council	9.042	0.000	0.252

£ million

Authority	Estimated right to buy receipts	Estimated stock transfer receipts	Other HRA estimated receipts[1]
Inverclyde Council	3.540	0.000	0.033
Midlothian Council	2.851	0.000	0.112
Moray Council	2.646	0.000	0.084
North Ayrshire Council	5.258	0.000	0.150
North Lanarkshire Council	18.915	0.000	0.915
Orkney Islands Council	0.810	0.000	0.005
Perth and Kinross Council	4.536	0.000	0.320
Renfrewshire Council	4.145	0.180	0.320
Scottish Borders Council	3.165	0.000	0.057
Shetland Council	0.945	0.000	0.025
South Ayrshire Council	3.113	0.000	0.000
South Lanarkshire Council	12.151	0.000	0.090
Stirling Council	3.711	0.000	0.060
West Dumbartonshire Council	1.725	0.000	0.045
West Lothian Council	7.141	0.000	0.320
Western Isles Council	0.426	0.000	0.038
Scotland	174.903	0.230	11.044

[1] Other HRA estimated receipts include: rent to mortgage receipts, loan repayments, and sale or disposal of land and other assets.

Beaufort's Dyke

Mr. Alasdair Morgan: To ask the Secretary of State for Scotland (1) if he will institute an independent inquiry into the extent of radioactive dumping in Beaufort's Dyke and the current condition of radioactive waste material; [6616]

(2) what conditions and restrictions were set on the dumping of radioactive waste in Beaufort's Dyke; [6615]

(3) what assessment his Department has made of the condition of metal drums containing radioactive waste dumped in Beaufort's Dyke; [6613]

(4)which organisations have been given approval to dump radioactive waste in Beaufort's Dyke. [6614]

(5) if he will investigate the accuracy of statements made by Scottish Office ministers since 1984 relating to the dumping of radioactive waste in Beaufort's Dyke. [6612]

Mr. Dewar: As indicated by my hon. Friend, the Minister of State for Agriculture, Fisheries and Food—1 July, *Official Report*, columns *158–160*—the discovery that radioactive waste had been dumped within the Beaufort's Dyke explosives disposal site followed a discovery of old papers in the Public Records Office. The lack of awareness of these papers and their contents led to previous Governments inadvertently giving inaccurate assurances.

The papers located thus far reveal that radioactive waste was disposed of at Beaufort's Dyke during the 1950s on behalf of Edinburgh and Glasgow Universities, Babcock and Wilcox Ltd., Ferranti Ltd. and Luminisers Ltd. The accepted practice for dealing with the waste, which was regarded at the time as being non-hazardous, was to encase it in concrete in mild steel drums. If necessary the drums were also weighted with scrap metal to ensure rapid sinking at the disposal location. We cannot be sure of the current condition of the steel drums since it would be extremely difficult to locate them given the large quantities of debris that are present on the seabed. However, the amounts of radioactivity that they contain are so small that release of the contents would be of no significance in terms of either public health or the marine environment. I therefore see no merit in initiating an independent enquiry.

Of importance is the fact that regular monitoring of the area has been carried out since the early 1960s; the most recent report entitled "Radioactivity in Food and the Environment 1995" is available in the Library of the House of Commons. This monitoring has not detected any measurable effect on radioactivity levels in the Beaufort's Dyke area, which remain well within internationally agreed safety levels.

My Department and others that were involved in the consultation and consenting procedures that were followed some 40 or so years ago, are currently carrying out an exhaustive check of records and archive material. Any relevant information which emerges will be made available to the House and the public at the earliest opportunity.

Old Documents

Mr. Baker: To ask the Secretary of State for Scotland what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7197]

Mr. Dewar: The records of my Department are specifically exempted from the Public Records Act 1958, and therefore are not passed to the Public Record Office. However, broadly similar procedures apply to the transfer of records to the Scottish Record Office (SRO). In 1994 a review was conducted within the Scottish Office to establish the number of files retained beyond the 30 year point, and this list has since been updated annually. All such files are reported to the Scottish Records Advisory Council (SRAC), with an explanation as to why they have been retained. The oldest recorded file in this category was opened in 1949 and is titled "Agriculture (Scotland) Act 1948—Cottars". It has been held for administrative reasons as it contains papers relevant to the eligibility of a rare class of landholder for assistance under the Crofters Building Grants and Loans Scheme.

Wildlife Protection

Mr. Flynn: To ask the Secretary of State for Scotland how many *(a)* arrests, *(b)* prosecutions and *(c)* convictions have been recorded under the Wild Mammals (Protection) Act 1996 in Scotland since its introduction, broken down by local authority; and if he will make a statement. [5705]

Mr. McLeish *[holding answer 1 July 1997]:* Information on the number of arrests is not collected centrally. The information requested on prosecutions and convictions is not separately identifiable within The Scottish Office Home Department's classification of crimes and offences.

BSE

Mr. Wallace: To ask the Secretary of State for Scotland how many cases of BSE were confirmed in each local authority area in Scotland in each of the first six months of 1997. [6829]

Mr. Chisholm *[holding answer 7 July 1997]:* Information is set out in the table. This shows animals confirmed as having BSE between 1 January and 27 June 1997. Fifty-three of these animals were first identified as BSE suspects in 1996 but not confirmed by laboratory analysis until 1997.

Former Scottish regional councils, and Islands councils areas	*January*	*February*	*March*	*April*	*May*	*[1]June*	*1997 total to date*
Borders	0	0	1	1	0	1	3
Central	1	0	0	0	2	0	3
Dumfries	5	4	4	8	4	3	28
Fife	0	0	0	2	1	0	3
Grampian	6	3	4	4	4	3	24
Highland	2	1	2	1	0	0	6
Lothian	1	0	1	0	1	0	3
Orkney	0	0	0	1	0	1	2
Shetland	1	0	0	2	0	0	3
Strathclyde	9	3	1	4	1	2	20
Tayside	3	3	1	2	5	1	15
Western Isles	0	0	0	0	0	0	0
Scotland							
Total	28	14	14	25	18	11	110

[1] As at 27 June 1997. The statistics are not collected by the State Veterinary Service on the basis of the new local authority areas.

HEALTH

Private Finance Initiative

Mr. Campbell-Savours: To ask the Secretary of State for Health what restrictions will be placed on consortiums involved in NHS PFI schemes in respect of selling or permitting the takeover of their PFI contracts with NHS bodies. [6553]

Mr. Milburn: We are currently considering the future shape of Private Finance Initiative in the National Health Service. Current guidance published jointly by the Private Finance Panel and Her Majesty's Treasury ("Transferability of Equity" (1996)) advises that the public sector should not seek to restrict the private sector's freedom to transfer its investments unless there are exceptional reasons arising from the special nature of a project.

Mr. Jack: To ask the Secretary of State for Health if he will list those hospital projects currently under consideration as PFI projects and what stage in the PFI process each had reached at 1 May. [6792]

Mr. Milburn: Information on the stages reached in Private Finance Initiative projects is held centrally only for new hospital schemes which have reached preferred bidder stage, and for all PFI schemes with a capital value of £1 million or over which have had their Full Business Case approved. Information on the status of these schemes as of 1 May 1997 have been placed in the Library.

Top Quality Care

Mr. Jack: To ask the Secretary of State for Health (1) what are his definitions of *(a)* top quality primary care, *(b)* top quality continuing care, *(c)* top quality mental health and *(d)* an excellent information system; and if he will list examples of *(a)*, *(b)* and *(c)*. [6742]

(2) pursuant to his oral statement of 20 June, *Official Report*, column 544–45, if he will define in *(a)* quantitative and *(b)* qualitative terms (i) top quality primary care, (ii) top quality continuing care and (iii) top quality mental health services. [6806]

Mr. Milburn: The Government believe that top quality health care is characterised by: fairness—with access to services based on need rather than ability to pay, geographical location or registration with a particular general practitioner; efficiency—health care that makes the best use of tax payers money; effectiveness—health care that focuses on quality of treatment rather than quantity alone; and responsiveness—health care that is sensitive and understanding of patients needs and concerns.

Information systems should provide the information that the health service needs to plan and deliver appropriate services and that patients and the public need to be assured that they are receiving good quality cost effective care.

Mr. Jack: To ask the Secretary of State for Health, pursuant to his oral statement of 20 June, *Official Report*, columns *544-45*, what methods of measurement his inquiry panel will use to determine if a medical service is top quality. [6807]

Mr. Milburn: The Independent Advisory Panel will decide the method it will use to assess services, within the terms of reference it has been given.

London Implementation Group

Mr. Jack: To ask the Secretary of State for Health what factors underlie the reduction in spending by the London Implementation Group between 1996–97 and 1997–98. [6801]

Mr. Milburn: The London Implementation Group (LIG) was disbanded on 1 April 1996.

The additional central resources for London previously allocated by LIG are now distributed by the NHS Executive. Comparative figures for additional resources for London in 1996–97 and 1997–98, and factors underlying changes between the two years, are as follows:

	1996–97 £ million	*1997–98 £ million*	*Reasons for change*
Transition funding	54	47	Reduction in central budget provision

	1996–97 £ million	1997–98 £ million	Reasons for change
Acute capital	46	41	To match planned capital phasing of schemes
London Initiative Zone (LIZ) funds (revenue and capital)[1]	70	46	In line with original planned phasing of expenditure to match profile of schemes over life time of LIZ (1993–94 to 1998–99)
Additional allocations for London health authorities related to mental health and from the special assistance fund	22	33	Increase in additional resources for mentally disordered offenders and mental health Challenge Fund

[1] The above figures relate to centrally provided LIZ funds only. Total LIZ spending also includes Regional capital allocations and local funds.

The above are all funds made available to London from central budgets and are in addition to London health authorities' integrated allocations which increased in real terms by £72 million in 1997–98.

Financial Deficit (Northern Region)

Mr. Jack: To ask the Secretary of State for Health, pursuant to his answer of 30 June to the hon. Member for Middlesborough, South and Cleveland East (Dr. Kumar), *Official Report*, column *29*, on what date he plans to publish the information on trusts in deficit for 1997–98. [6805]

Mr. Milburn: The information requested from the revised plans of trusts will be placed in the Library in due course.

Back Pain (School Children)

Mrs. May: To ask the Secretary of State for Health (1) what research he has *(a)* commissioned and *(b)* evaluated into back pain in school children; [6818]

(2) what *(a)* discussion and *(b)* joint actions his Department has initiated with the Department for Education and Employment in respect of *(a)* research and *(b)* solutions for back problems in school children. [6834]

Mr. Boateng: The main agency through which the Government support biomedical and clinical research is the Medical Research Council. The Council is not currently funding any research into back pain in school children. Nevertheless, it always welcomes high-quality applications and these are judged in open competition with other demands for funding, and awarded according to their scientific quality.

Both the Department of Health and the Department for Education and Employment are aware of the research which the National Back Pain Association is currently conducting into factors which might cause back pain in school children. Once the results of that research are available, we will be better able to judge what joint initiatives might be appropriate.

Waiting Lists

Mr. Jack: To ask the Secretary of State for Health what estimate he has made of the time required to reduce waiting lists to meet patients charter targets *(a)* nationally and *(b)* in each (i) health authority region and (ii) NHS trust. [6832]

Mr. Milburn: There are no Patient's Charter targets for reducing the number of patients on waiting lists. The Charter does, however, guarantee that all patients will be treated within 18 months of being placed on a waiting list and sets a target of a 12 month maximum wait for heart bypass surgery and some associated procedures.

NHS Priorities

Mr. Jack: To ask the Secretary of State for Health if he will list the medical conditions which are his current priorities for treatment in the NHS. [6744]

Mr. Milburn: The Priorities and Planning Guidance for the National Health Service, published annually by the NHS Executive, indicates the Department's priority areas for the development of services nationally. The needs of populations are assessed locally and services and treatments are matched to those needs. Individual clinicians decide the most clinically appropriate treatment and clinical priority for each patient based on their assessment of that patient's need.

Compulsory Competitive Tendering

Mr. Jack: To ask the Secretary of State for Health (1) if he will make a statement on the reasons for ending compulsory competitive tendering in the NHS; [6740]

(2) if he will make a statement on the timetables for ending compulsory competitive tendering to the NHS. [6739]

Mr. Milburn: Apart from the requirement periodically to market test cleaning, catering and laundry services, all market testing in the National Health Service is and has always been conducted on a voluntary basis. A review of the operation of the present policy is currently being undertaken by officials and the requirement to market test the three named services is being considered as part of this review. No decisions have yet been taken.

Nurses and Midwives

Mr. Jack: To ask the Secretary of State for Health what factors underlay the reduction in numbers of nurses and midwives between 1985 and 1995. [6799]

Mr. Milburn: I refer the hon. Member to the reply given to my hon. Friend the member for Gedling (Mr. Coaker) on 19 June 1997 at columns *290–91*.

Service Improvements

Mr. Jack: To ask the Secretary of State for Health if he will make a statement on the extra resources which he estimates will be required by 2002 to achieve the service improvements listed in his speech in Brighton on 25 June. [6743]

Mr. Milburn: The speech made by my right hon. Friend the Secretary of State for Health to the National Health Service Confederation on 25 June set out the Government's long-term vision for the National Health

Service. My right hon. Friend the Chief Secretary to the Treasury has made it clear that spending plans for 1999–00 and beyond would be informed by the results of the Comprehensive Spending Review currently under way and would take account of all the Government's priorities and objectives.

Research Projects

Mr. Jack: To ask the Secretary of State for Health if he will list the research projects currently paid for by his Department being carried out by (i) private agencies, companies or organisations and (ii) the NHS Executive or other public body reporting directly to his Department and, in each case, the date when this work will be completed. [6789]

Ms Jowell: The Department, through its Policy Research Programme (PRP), funds a range of research. Listed are the titles and end date of the projects being carried out by private agencies, companies and organisations within the PRP, chiefly as part of the MedLINK and LINK Medical Implants programmes. Most are carried out in partnership with universities:

Project	*End date*
Vaccination, juvenile onset diabetes and autoimmunity	31 December 1997
Temperature rise from pulse doppler ultrasound equipment	31 December 1997
Use of Embroidery Techniques in the Manufacture of Textile Surgical Implants	30 April 1999
Computer Assisted Orthopaedic Surgical System	31 August 1999
Suspended Image Systems for Endoscopic Surgery	31 August 1999
3D Vision for Endoscopic Procedures	30 September 1999
An Integrated Multi-disciplinary Approach to the Development of a New Type of Heart Valve	31 January 2000
Development of a Rear Support Walking Frame	31 December 1999
Development of MRI Compatible Endoscopes	30 April 1999
Electronically Guided Knee Surgery	28 February 1999
Development of DLC Coated Prostheses	31 October 1998
Hydraulically Controlled Implantable Devices for Incontinence	30 April 1998
Tissue Regeneration by TOPOGEN	30 June 1998
Advanced Glaucoma Filtration Implant Development	31 August 1999
Medical Implants Exploitation Contract	28 February 2002

A full list of PRP projects is being prepared for publication. This will include all projects funded in the public and private sector and copies will be placed in the Library.

The NHS Executive funds over 39,000 research projects throughout the service. It is estimated that over 3,500 of these projects are carried out in partnership with industry.

The Department also oversees the research programmes of sponsored Non-Departmental Public Bodies (NDPBs). This research supports the NDPBs in performing their statutory functions.

Intensive Care

Mr. Keetch: To ask the Secretary of State for Health how many emergency admissions to hospital requiring the use of intensive care facilities there were in each month from January 1995 to date; and if he will make a statement. [6750]

Mr. Boateng: This information has not been available centrally until now. However, trusts have been asked to collect data on intensive and high dependency care activity from 1 October this year as part of the National Health Service Contract Minimum Data Set.

Review Bodies

Mr. Jack: To ask the Secretary of State for Health if he will make a statement on the remit which he plans to give to the review bodies which will consider the future pay of doctors, dentists, nurses and other health professionals. [6741]

Mr. Milburn: The remits of the Review Bodies remain unchanged.

Inflation

Mr. Jack: To ask the Secretary of State for Health what is his department's estimate of health service inflation for 1997–98; and what was the level of the GDP deflator notified to his Department for 1997–98. [6800]

Mr. Milburn: The Department of Health does not forecast health service inflation. Her Majesty's Treasury has notified the Department that the Gross Domestic Product deflator is forecast to be 2.75 per cent. in 1997–98.

Carers

Mrs. May: To ask the Secretary of State for Health what proportion of carers have been assessed under the provisions for assessment in the Carers (Recognition and Services) Act 1995; and what action is being taken to increase that figure. [6821]

Mr. Boateng: It is not possible to assess the proportion of carers receiving an assessment under the Act, as the total pool of carers who would qualify for assessment, if they requested it, is not known. A recent survey by the Carers National Association concluded that, to date, a relatively small proportion of carers had been assessed. We intend to monitor the Act closely, both through commissioned research and as part of the Social Services Inspectorate inspection programme, and will need to consider what action to take if this reveals that the Act is not being effectively implemented.

Funding (North Essex)

Mr. Burns: To ask the Secretary of State for Health what was, in *(a)* cash terms and *(b)* percentage terms, the change in NHS funding for the North Essex health authority area in each of the last four financial years and the current financial year. [7078]

Mr. Milburn: The cash and percentage increases in general allocations for North Essex Health Authority and the former North Essex District Health Authority are shown as:

	Cash £ million	*Percentage*
1993–94	6.7	2.7
1994–95	13.2	5.2
1995–96	18.0	5.7
1996–97	20.0	6.4
1997–98	15.2	4.5

Mr. Burns: To ask the Secretary of State for Health (1) if the formula used for allocating funds for the NHS in the North Essex health authority area in 1998–99 will be the same as that used for 1997–98; [7079]

(2) what plans he has to change the formula used for allocating funds for the NHS in the North Essex health authority area; and if he will make a statement. [7080]

Mr. Milburn: We will look at how resources are distributed across both secondary and primary care to ensure that these fully reflect local population needs and operate as fairly as possible.

We are investigating the possibility of introducing further refinements to the weighted capitation formula in time for 1998–99 allocations but a longer programme of work will also be required.

Old Documents

Mr. Baker: To ask the Secretary of State for Health what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Records Office for release for public inspection. [7195]

Ms Jowell: The oldest document retained by the Department of Health which has not been released for public inspection is thought to date from 1948 and is contained in a file entitled: "Civil Defence—Casualty and Other Ministry of Health Services: Working party on Medical Aspects". The file has been retained in the Department under Section 3 (4) of the Public Record Act 1958.

EDUCATION AND EMPLOYMENT

Payable Tax Credits

Mr. Yeo: To ask the Secretary of State for Education and Employment what assessment his Department has made of the cost to the Teachers' Pensions Agency of the abolition of payable tax credits. [7340]

Mr. Byers: Capita Business Services Ltd. (Teachers' Pensions) were awarded a contract to administer the Teachers Superannuation Scheme with effect from 1 October 1996. The scheme had previously been administered by the Teachers' Pensions Agency. There is no cost to Capita Business Services Ltd. (Teachers' Pensions) in relation to the Teachers Superannuation Scheme arising from the abolition of the advance Corporation Tax credit.

Teachers (Select Committee Report)

Fiona Mactaggart: To ask the Secretary of State for Education and Employment what is the Government's response to the Sixth report of the Education and Employment Committee, Session 1996–97, on the Professional Status, Recruitment and Training of Teachers, which was published in March. [7646]

Ms Estelle Morris: We welcome the report. The White Paper published yesterday sets out the Government's plans to tackle the issues raised by the report. Our plans to establish a General Teaching Council, raise standards in teacher training, and develop a framework of professional standards should raise the status of the profession and assist with the recruitment of good candidates for the teaching profession. We announced last month that we are introducing new standards for initial teacher training courses, and started consultation last week on proposals for employment-based routes into teaching that will also help to boost the supply of well-trained teachers.

Special Educational Needs

Mr. McNulty: To ask the Secretary of State for Education and Employment if he will review provision for special educational needs; and if he will make a statement. [6876]

Ms Estelle Morris: We shall publish in September a Green Paper setting out for consultation proposals to take forward our policies to raise standards for children with special educational needs. My right hon. Friend the Secretary of State has set up a new National Advisory Group on SEN to help in the preparation of the Green Paper, and to oversee the subsequent process of consultation, and the resulting action programme for this Parliament. The Group will meet for the first time on 17 July.

Careers Education

Mr. McNulty: To ask the Secretary of State for Education and Employment what plans he has to extend the legislation on careers education and guidance in schools to the independent sector; and if he will make a statement. [6933]

Dr. Howells: There are no plans at this stage to extend the legislation on careers education and guidance.

Many independent schools have good careers education programmes and work closely with careers services. We will take active steps to support this voluntary agreement and promotion of good practice.

Employment Chapter

Mr. Swayne: To ask the Secretary of State for Education and Employment if he will make a statement on the consequences for British industry of the employment chapter negotiated at Amsterdam. [5745]

Mr. Andrew Smith: The new employment chapter has the potential to provide significant benefits to firms and individuals in the UK. It makes clear the importance of promoting a skilled and adaptable workforce and flexible labour markets responsive to economic change. The chapter will allow co-ordination of Member States' employment policies where appropriate, while restating that primary responsibility for employment matters will continue to lie with Member States.

School Inspections

Mr. McNulty: To ask the Secretary of State for Education and Employment (1) what was the total amount of funds set aside by OFSTED for the inspection of settings where nursery vouchers were to be redeemed; [6932]

(2) if OFSTED has met its expected outturn figure for 1996–97 in respect of schools inspected in 1996–97; [6929]

(3) how many inspections were carried out by OFSTED in respect of *(a)* secondary schools, *(b)* primary schools, *(c)* special schools and *(d)* pupil referral units in 1996–97. [6931]

Mr. Byers: The funding of OFSTED, and the numbers of schools and nursery settings inspected, are matters for HMCI. I have asked him to write to the hon. Member, placing a copy of his letter in the Library.

Primary Class Sizes

Ms Walley: To ask the Secretary of State for Education and Employment what are *(a)* the average and *(b)* the maximum numbers of children in primary school classes in Stoke on Trent, North; and how many are educated in class sizes of over 30 pupils. [7328]

Mr. Byers: The available information is shown in the following tables.

The information in Table 2 puts into context the information on maximum class sizes in Table 1.

Table 1: Average and maximum class size and number of pupils in classes of 31 or more pupils for classes taught by one teacher in maintained primary schools in the Stoke on Trent, North Parliamentary Constituency in January 1997[1]

	Average class size	*Maximum size class*	*Pupils in classes of 31 or more*
Stoke on Trent, North	28.3	37	2,496

[1] Provisional estimates.

Table 2: Numbers of classes and pupils by class size for classes taught by one teacher in maintained primary schools in the Stoke on Trent North Parliamentary Constituency in January 1997 (Provisional Estimates)

Size of class	*Number of classes*	*Number of pupils*
1–20	10	167
21–30	161	4,300
31–35	65	2,135
36–40	10	361
41 or more	0	0
Total	246	6,963

Assisted Places (Taunton)

Mrs. Ballard: To ask the Secretary of State for Education and Employment if he will list the schools in the constituency of Taunton with pupils on the assisted places scheme, indicating in each case the number of pupils and the income which the school receives under the scheme. [7050]

Mr. Byers: The number of assisted places taken-up and the cost of those places for each participating school in Taunton in the 1996–97 academic year are given in the following table:

Assisted places scheme: Taunton

School name		*Academic year 1996–97*
King's College, Taunton	Number of assisted pupils	20
	Cost of places £000s	108
Queen's College, Taunton	Number of assisted pupils	86
	Cost of places £000s	387
Taunton School	Number of assisted pupils	77
	Cost of places £000s	427

National Curriculum (Engineering)

Mrs. Curtis-Thomas: To ask the Secretary of State for Education and Employment for what reasons the study of engineering is not included in the national curriculum. [7056]

Ms Estelle Morris: The National Curriculum aims to ensure that all pupils aged 5–16 at maintained schools benefit from a broad and balanced curriculum. It was not designed to train pupils for specialised careers such as engineering. There is, however, scope within the programmes of study for a number of National Curriculum subjects, including design and technology, maths, science and art, for schools to ensure that pupils have the opportunity to gain the knowledge, skills and understanding which they will need to study engineering.

Parenthood Lessons

Mrs. Ballard: To ask the Secretary of State for Education and Employment what plans he has to promote parenthood lessons in schools as part of his programme to meet the "The Health of the Nation" target for teenage pregnancies. [6825]

Ms Estelle Morris: As stated in the White Paper "Excellence in Schools" published yesterday, the Government intends that all secondary schools should have a role in teaching young people the skills of good parenting, both formally and through contact with good adult role models. Schools need to impress upon young people at an early stage the emotional, financial, social and practical responsibilities which parenthood entails and the lifelong nature of the commitment it brings. The Department will be considering with teachers and others how this might best be achieved and what parenting education programmes should contain.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Dial-a-ride Companies

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions how many vehicles each dial-a-ride company operates; and what is the age of each vehicle. [6907]

Ms Glenda Jackson: The answer is as follows:

Company	*0–1 year*	*1–2 years*	*2–3 years*	*3–4 years*	*4–5 years*	*5–6 years*	*6–7 years*	*7–8 years*	*8–9 years*	*Total*
Central	1	4	5	7	1	8	7	1	0	34
North	4	1	9	4	2	8	8	7	1	44
North-east	8	1	13	2	3	8	12	4	0	51
South	1	1	8	9	4	5	5	1	0	34
South-east	6	1	10	1	3	6	8	3	0	38
West	4	1	6	0	11	4	7	4	6	43
Total	24	9	51	23	24	39	47	20	7	244

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what contribution London Transport made to the cost of replacing dial-a-ride vehicles in each of the last three financial years; and how many vehicles were replaced. [6908]

Ms Jackson: Dial-a-ride vehicles are purchased by London Transport on behalf of the dial-a-ride companies. The cost and numbers of additional vehicles are included as well as vehicles which were purchased as replacements.

	1994–95	*1995–96*	*1996–97*
Total cost of additional replacement vehicles	£2.03 million	£0.11 million	£0.81 million
Number of additional vehicles that entered services	26	0	9
Number of replacement vehicles that entered service	20	17	14

The basic vehicles may be paid for in one year but the cost of conversion (including equipment such as a tail lift) and delivery may fall in the following financial year. In some cases all the costs may be incurred in the year before the vehicle enters service.

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions how much each dial-a-ride company has paid to London Transport in depreciation costs in each of the last three years. [6909]

Ms Jackson: The answer is as follows.

London dial-a-ride companies—depreciation charges

	Central	*North*	*North-east*	*South*	*South-east*	*West*
1994–95	158	177	212	167	183	197
1995–96	121	148	166	128	131	127
1996–97	139	151	176	133	148	136

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what is the staffing establishment in London Transport responsible for administering dial-a-ride companies. [6911]

Ms Jackson: I understand that there are three full time equivalent posts and one part time post (three days per week).

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what estimates he has made of the financial implications of his Department funding dial-a-ride companies directly. [6912]

Ms Jackson: None.

Rail Freight

Mr. Coaker: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the recent decision by a major retailer to transport more of its goods by rail rather than road; and if he will take steps to encourage other retailers to do the same. [6558]

Ms Glenda Jackson: The Government wants to see more freight go by rail, and we welcome new initiatives which support that aim.

Our White Paper on integrated transport policy, to be published next spring, will consider ways of increasing the proportion of freight carried by rail.

Mr. Chidgey: To ask the Secretary of State for the Environment, Transport and the Regions if he will consider including within future guidelines for transport policies and programmes submitted by local authorities a requirement to promote greater use of railways for freight, with special reference to the provision of inter-modal terminals. [7065]

Ms Jackson: Measures to promote the use of railways for freight transport are not funded through the Transport Policies and Programme (TPP) system and have therefore not been the subject of Departmental TPP Guidance to local authorities.

Our White Paper on integrated transport policy, to be published next spring, will consider ways of increasing the proportion of freight carried by rail, including the role of the planning system.

Roads Programme

Ms Walley: To ask the Secretary of State for the Environment, Transport and the Regions what method of appraisal of traffic generation has been used in respect of *(a)* each road scheme approved since May 1997 and *(b)* those road schemes currently under review; and if he will a statement. [6870]

Ms Glenda Jackson: No major trunk road schemes have passed an approval stage since May 1997. Local authority schemes subject to the Secretary of State's approval and the trunk road schemes currently under review are subject to appraisal for traffic generation in accordance with the "Guidance on Induced Traffic", published in December 1994, where appropriate or, where there are complex traffic interactions, using the updated Guidance incorporated in the "Design Manual for Roads and Bridges" in February 1997 (Volume 12 section 2 part 2).

Mr. Norman: To ask the Secretary of State for the Environment, Transport and the Regions what steps he will take to ensure that the current review of the roads programme will not result in delays to those schemes chosen to proceed. [5950]

Ms Jackson: We are undertaking an accelerated review of 12 trunk road schemes. For others, work is proceeding to the end of the current stage. This will minimise the delay to schemes should they be chosen to proceed and ensure that work done to date is not lost.

Mr. Norman: To ask the Secretary of State for the Environment, Transport and the Regions if the DBFO road schemes for which tenders have been received will be able to proceed as planned. [6940]

Ms Jackson: These DBFO projects are being considered within the accelerated review of trunk road schemes which is currently underway. We are aiming to announce decisions on these schemes later this month.

Private Hire Vehicles

Mr. Bob Russell: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has following the case in the Queen's Bench Division between L. Benson and Copeland Borough Council to seek to restore the previous position whereby the spouse of a licence holder could use a private hire vehicle for any purpose other than for hire. [6766]

Ms Glenda Jackson: I am aware of the concerns of the private hire trade following the decision in the case of Benson *v.* Boyce and I am considering what should be done in the light of this judgment.

Railtrack

Mr. Chidgey: To ask the Secretary of State for the Environment, Transport and the Regions if the present regulatory arrangements provide a mechanism for Railtrack to be rewarded for improvements to railway infrastructure through the price review mechanism rather than having to recover all the costs from a train operating company during its franchise period. [7063]

Ms Glenda Jackson: The costs of enhancement investment do not have to be recovered from a train operating company over one franchise period. The treatment of access charges in respect of network enhancements at future periodic reviews should generally take account of any agreement between the funding body or bodies and Railtrack on the future basis of charging, while having regard to specific public interest concerns.

Traffic Wardens

Mr. Chidgey: To ask the Secretary of State for the Environment, Transport and the Regions if he will review with the Home Secretary the duties and powers of traffic wardens, with special reference to offences involving moving traffic. [7064]

Ms Glenda Jackson: The duties and powers of traffic wardens are matters for the Home Secretary and Chief Officers of Police. Traffic enforcement is one of the matters I expect to be regularly discussed between my Department and the Home Office.

Motorway Lighting

Mr. Pike: To ask the Secretary of State for the Environment, Transport and the Regions (1) what assessment he has made of the accuracy of the map of motorway lighting produced by the Highways Agency in June; [7106]

(2) pursuant to his answer of 24 June, *Official Report*, columns *521–22*, for what reasons *(a)* the map supplied by the Highways Agency shows the M65 as unlit and *(b)* the list of motorways excludes the M65. [7107]

Ms Glenda Jackson: I have asked the Chief Executive of the Highways Agency to reply to my hon. Friend.

Letter from Peter Nutt to Mr. Peter L. Pike, dated 8 July 1997:

The Secretary of State for the Environment, Transport and the Regions has asked Lawrie Haynes to reply to your recent questions about the accuracy of the map of motorway lighting prepared by the Highways Agency. Lawrie is away from the office at present, and has asked me to deal with correspondence in his absence.

The map of motorway lighting provided by the Highways Agency was produced to indicate the approximate distribution of lighting on motorways across England. Regional information was gathered and centrally collated onto a base map. Whilst every endeavour has been made to ensure the accuracy of the information, unfortunately an error occurred in the categorisation of the section of the M65 operated by the Highways Agency.

I apologise for this error and confirm that the Agency's section of the M65 is completely lit. An updated list and map is enclosed for your information and updated copies of the map will be sent to the Library.

List of whole or part sections of lit motorway

Motorway	*Junction to Junction* *Number*	*Number*
M1	1	20
M1	21	27
M1	46	47
M2	6	End
M3	Start	1
M3	2	3
M3	12	End
M4	Start	8/9
M4	10	13
M4	20	21
M4	22	Wales
M5	Start	9
M5	14	19
M5	30	31
M6	Start	1
M6	2	3
M6	3	11
M6	15	16
M6	19	21A
M6	26	33
M10	1	2
M11	Start	3
M11	5	7
M11	12	End
M20	4	8
M20	11	13
M23	7	9
M23	9	9A
M23	10	End
M25	1A	3
M25	6	9
M25	10	17
M25	18	22
M25	23	31
M27	3	4
M27	5	9
M27	11	12
M32	Start	1
M32	1	3
M40	1	2
M40	4	5
M42	Start	1
M42	3	4
M42	5	9
M45	Start	1
M50	Start	1
M53	Start	3
M54	Start	3
M55	Start	3
M55	3	End
M56	Start	7
M57	6	End
M58	Start	1
M58	3	4
M61	Start	4
M61	9	End
M62	9	11
M62	11	27
M62	37	End

List of whole or part sections of lit motorway

Motorway	*Junction to Junction* *Number*	*Number*
M63	Start	End
M65	6	10
M66	1	End
M67	Start	End
M69	Start	1
M69	2	End
M180	Start	2
M180	4	End
M606	Start	End
M621	Start	End

Details are approximate and based on fully commissioned lighting installations.

Belmont Stables, Barnet

Mr. Dismore: To ask the Secretary of State for the Environment, Transport and the Regions what representations his Department has received concerning the planning applications submitted by Belmont Stables for the Totteridge valley, Barnet area; and if he will make a statement. [6486]

Mr. Caborn: The application affecting the Totteridge valley submitted by the Belmont Riding Centre have been taken to appeal. The Planning Inspectorate are arranging a local inquiry into the proposals. Over 150 individual representations have been received by the Inspectorate all raising concerns about the proposals. A 450-signature petition in support of the proposals was received by the local planning authority. As the appeals are still to be heard it would not be appropriate to comment on the merits of the proposed developments.

Mink and Arctic Fox

Mr. Donald Anderson: To ask the Secretary of State for the Environment, Transport and the Regions if he plans to list mink and arctic fox under the Dangerous Wild Animals Act 1976. [6548]

Angela Eagle: I have no plans to add mink and arctic fox to the Dangerous Wild Animals Act 1976. The Ministry of Agriculture, Fisheries and Food have lead responsibility for legislation concerning animals farmed for fur.

Housing

Mr. Hancock: To ask the Secretary of State for the Environment, Transport and the Regions what structures exist at ministerial level to allow inter-departmental co-operation on housing matters. [6637]

Mr. Raynsford: The Ministerial Committee on Home and Social Affairs (HS) considers housing matters. Other committees may also consider particular housing issues from time to time as necessary.

Travellers

Dr. Iddon: To ask the Secretary of State for the Environment, Transport and the Regions if he will consider reintroducing the provisions of the Caravan Sites Act 1968, with special reference to the requirement on local authorities to provide sites for travellers. [6639]

Mr. Raynsford: We have no plans to reintroduce a statutory duty on local authorities to provide gypsy caravan sites. Local authorities already have a discretionary power (in section 24 of the Caravan Sites and Control of Development Act 1960) to provide sites for gypsies if necessary. My Department's Circular number 18/94, "Gypsy Sites Policy and Unauthorised Camping" also advises local authorities to keep their existing gypsy sites open and well maintained, and to consider the provision of emergency stopping places for gypsies visiting their area.

Humane Trapping

Mr. Hancock: To ask the Secretary of State for the Environment, Transport and the Regions what representations he has made to *(a)* his European counterparts and *(b)* other bodies in respect of the proposed international agreement on humane trapping standards discussed at the European Environment Ministers' meeting on 19 June. [6681]

Angela Eagle: My hon. Friend the Minister of State has met his opposite numbers from a number of Member States to discuss the Commission's proposals for a "Framework Agreement on humane trapping standards". We have made it clear that we do not support the Commission's proposal since we believe that it does not go far enough in banning the use of leghold traps.

Ground Rents

Mr. Chaytor: To ask the Secretary of State for the Environment, Transport and the Regions in which parts of the country the system of ground rents still exists; what representations he has received concerning abuses of the ground rent system; and what plans he has to review the legislation concerning ground rents. [7108]

Mr. Raynsford: I assume that my hon. Friend is referring to rent charges levied by landowners who have released their land for development, which are otherwise known as ground rents or chief rents, rather than to ground rents for leasehold property.

The vast majority of rent charges are on properties in the Bristol, Manchester and Wearside areas. The Rentcharges Act 1977 enables some householders who are liable to pay rent charges to redeem them cheaply and easily. However, certain rent charges are excluded from the Act and we are actively studying suggestions that there may as a result be scope for abuse by owners of such rent charges.

Biotechnological Inventions

Mr. Flynn: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department has undertaken into the possible environment implications of the draft European Parliament and Council directive on the legal protection of biotechnological inventions; and if he will make a statement. [7354]

Angela Eagle: The Department has a research programme to consider the environmental implications arising from the release of biotechnological products, in particular to identify the potential hazards and assess the risks to the environment from the proposed release of

genetically modified organisms. The Department has no responsibility for the legal protection of biotechnological inventions.

Abstraction Licences

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions when the Government will be conducting its review of abstraction licences; if he will make a statement on the review; and if it will include a review of pricing mechanisms. [7331]

Angela Eagle: We shall be launching the review shortly. A key aim will be to ensure that the environment is properly protected, while providing fair and flexible arrangements for access to water resources to meet properly managed demands in a sustainable way. Economic instruments including pricing mechanisms will be amongst the measures to be studied.

Water Companies

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions when the Government plan to take steps to establish duties on water companies to *(a)* conserve water when carrying out their functions and *(b)* prepare and implement drought contingency plans. [7335]

Angela Eagle: We shall bring forward legislation on these matters when Parliamentary time allows. Following the Water Summit in May, my right hon. Friend the Deputy Prime Minister asked water companies what steps they were taking to prepare and agree drought contingency plans voluntarily and he will be making an announcement on their responses shortly.

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions if the replies he has received from the water companies in response to the Government's water summit will be available to interested parties. [7330]

Angela Eagle: The replies will be placed in the Library.

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions what is the timetable for the Government's review of water company charging systems. [7334]

Angela Eagle: My right hon. Friend the Minister for the Environment launched the Government's review of the system of charging for water in a written answer to my hon. Friend the Member for Burnley (Mr. Pike) on 25 June 1997 *Official Report*, column *514*. My Department has written to interested bodies seeking their representations on the full range of issues which will be considered in the review. A copy of the letter has been placed in the Library. The closing date for comments on the review is 31 July 1997. The Government intends to set out its proposals in the autumn. There will then be a period of formal consultation, with a view to reaching decisions fairly early in 1998.

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions if he will list those water companies that have agreed voluntarily to *(a)* offer domestic customers free simple devices to reduce toilet flushes, *(b)* offer free water efficiency audits to domestic customers, *(c)* increase efforts to encourage water efficient gardening and *(d)* publish more performance and financial information [7333]

Angela Eagle: My right hon. Friend the Deputy Prime Minister will be making an announcement on these matters shortly.

Tax Credits

Mr. Yeo: To ask the Secretary of State for the Environment, Transport and the Regions (1) what assessment his Department has made of the reduction in the income of occupational pension funds administered on behalf of local authority employees from the abolition of payable tax credits; [7338]

(2) what assessment his Department has made of the cost of local authorities of the increase in pension contributions following the abolition of payable tax credits. [7339]

Ms Armstrong: An assessment of the abolition of tax credits on the income flow of local authority pension funds will in the first instance be a matter for each of the funds to consider, in discussion with their actuaries, investment managers and other advisers. The findings can then be built into the 1998 valuation of the funds and used to inform decisions on employers' future contribution rates with effect from the financial year 1999–2000.

Mr. Yeo: To ask the Secretary of State for the Environment, Transport and the Regions what was the value of the tax credits available on occupational pension schemes for local authority employees during the last financial year. [7337]

Ms Armstrong: The information requested is not collected in such a way that is readily identifiable to individual pension schemes.

Mr. Yeo: To ask the Secretary of State for the Environment, Transport and the Regions what consultations he has had with the Local Government Association about the effect on occupational pension schemes of the abolition of payable tax credits.

Ms Armstrong: Liaison between my Department, the Local Government Association and the United Kingdom Steering Committee on local authority pensions continues on a regular basis on these matters.

Mr. Yeo: To ask the Secretary of State for the Environment, Transport and the Regions what assessment his Department has made of the impact on council tax bands of the abolition of payable tax credits. [7336]

Ms Armstrong: None. The council tax is based on a system of banded valuations according to the open market value of properties on 1 April 1991 and these valuations will be unaffected by the abolition of payable tax credits.

Office of Water Services

Mr. Brake: To ask the Secretary of State for the Environment, Transport and the Regions what Ofwat's environmental responsibilities are; and to what extent these will be included in the forthcoming price review. [7332]

Angela Eagle: The statutory duties of the Director General of Water Services are set out in the Water Industry Act 1991. Subject to his primary duties, the Director General has a general environmental duty, set out in Section 3. The Director General will take all his statutory duties into account during the forthcoming review.

Local Government Officers (Political Activity)

Ms Julie Morgan: To ask the Secretary of State for the Environment, Transport and the Regions what proposals he has to relax the rules in relation to local government officers and political activity. [7157]

Mr. Raynsford: These rules are currently the subject of a case before the European Commission of Human Rights, whose findings we will wish to consider carefully before deciding what action, if any, would be appropriate.

Old Documents

Mr. Baker: To ask the Secretary of State for the Environment, Transport and the Regions what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7208]

Ms Angela Eagle: Under The Lord Chancellor's Instrument (LCI) number 28 dated 13 July 1995 the Department of Transport renewed its requirement to retain "Maps and plans (MNA series) relating to consents and proposals for work on foreshores and in tidal waters (1840–1990)". The dates were the best estimate before reviewing the collection.

These records are in the process of being reviewed and the oldest record discovered in the collection to date is circa 1771 a survey map of the River Dee, Cheshire. The Public Record Office has the full catalogue of the material and advise that it is inappropriate to apply for another LCI showing (1771–1990) as the work should be completed and transfer effected by March 1998 latest.

Ordnance Survey

Mr. Rammell: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to change the 1997–98 cash limit for Ordnance Survey. [7542]

Mr. Raynsford: The cash limit for Ordnance Survey, Class VI Vote 8 has been reduced by £23,000 from £6,759,000 to £6,736,000 as a result of a transfer of provision from Ordnance Survey to the Department of National Heritage, Royal Commission on the Historical Monuments, Class X, Vote 1 for a rent on a jointly occupied property.

CITES

Mr. Ennis: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the outcome of the conference of the parties to the Convention on International Trade in Endangered Species which took place in Harare from 9 to 20 June. [7710]

Mr. Meacher: A record number of 125 member countries attended the conference, the majority of whom favoured greater liberalisation of controls in favour of sustainable use in line with the agreements reached at the Earth summit in 1992 and since confirmed at the UN General Assembly Special Session last week.

Three southern African countries, Botswana, Namibia, and Zimbabwe, secured approval to transfer their elephant populations from Appendix I to Appendix II with the intention of allowing a limited resumption of trade in ivory stockpiles, live animals, and hunting trophies. During the Conference it became clear that a majority of countries supported an immediate resumption of trade in ivory. The United Kingdom and other EU Member States, working with African countries, were instrumental in deferring a final decision until stronger controls, verified by an independent panel of experts, are confirmed to be in place. In consequence, there will be no trade in ivory for at least 21 months. If trade in raw ivory does resume, the stockpiles will be exported to a single country, Japan, in a one-off experiment, subject to review. The UK abstained on the final vote in line with the European Union's Common Position.

After active interventions by the UK and other EU Member States, the Conference voted to maintain controls on a number of key species. Proposals from Japan and Norway to block the International Whaling Commission's primacy in matters concerning commercial whaling, whilst allowing trade to resume in several whale species, were rejected, as were South Africa's proposal for a limited trade in rhinoceros horn from their white rhino population, and a proposal from Cuba to resume trade in their stockpiles of hawksbill turtle shells.

With support from the EU the Conference adopted Germany's proposal to include all species of sturgeon on Appendix II, thereby ensuring that future trade in these species will be monitored and controlled. Agreement was reached on increased collaboration between CITES and the Food and Agriculture Organisation to gather data on shark landings, but the Conference rejected proposals from the USA, strongly supported by the UK, to establish a marine fish working group.

The Conference endorsed a major UK initiative to tackle the impact of traditional medicines on wild animals and plants. It agreed a resolution sponsored by the UK, Japan and Korea detailing actions to reduce over-exploitation of wild species for medicinal use though better communication with traditional medicine communities, the introduction of comprehensive legislation in consumer countries and range states, effective enforcement, and more research into substitutes for endangered species. The proposals were agreed by consensus following constructive discussions between the sponsor countries and China.

Proposals from Argentina, Bolivia, and Peru for a limited and controlled trade in sheared wool, cloth, and handicraft products from wild vicuna were adopted, but with a zero quota for the Bolivian population and other safeguards. The EU supported the proposals on the basis of the scientific evidence and after detailed discussions with the range states on their internal controls.

Finland withdrew from a proposal, which they had submitted jointly with Bulgaria and Jordan, to transfer all populations of the European Brown Bear from Appendix II to Appendix I. Most range states, including Russia, strongly opposed the proposal. In a series of votes, the Conference rejected the original proposal and subsequent amendments which would have confined its application to specific populations. In the absence of a common position, the UK and other EU Member States abstained on the first vote. Member States opposed the amended proposals which would have been impossible to enforce.

The UK and other EU Member States strongly supported a proposal from the USA and Bolivia to include Big Leaf Mahogany on Appendix II of the Convention. However, as in 1994, this was rejected by the Conference. Instead, a working group will examine ways of protecting this species from unsustainable logging.

In total, conference decisions will result in stricter controls on 17 species; one of these will transfer from Appendix III of the Convention to Appendix II, three from Appendix II to Appendix I, and thirteen will be added to the Convention for the first time. Less strict controls will apply to six species which will move from Appendix I to Appendix II. A further eleven species, which are presently on Appendix II but not in international trade, will be removed from the Convention altogether. Controls will also be removed from over a thousand artificially propagated hybrid plants widely sold through retail outlets.

With UK support, the Conference adopted an important initiative by tiger range states for stronger action to protect this critically endangered species. As the new Chair of the Convention's Standing Committee, we will ensure there are opportunities to discuss progress before the next Conference.

A proposal by the USA to establish a permanent Enforcement Working Group was rejected despite strong UK support, but Customs and Police members of the UK delegation organised an enforcement workshop during the Conference to discuss training, information exchange and co-operation between agencies. Several other countries took part, including the USA, Canada, South Africa, Mexico and a number of EU Member States.

The UK delegation also played an active role in discussions on other key issues, chairing a working group which produced an action plan to implement the findings of a report on the effectiveness of CITES, and a resolution calling for increased co-operation between CITES and other conventions, in particular, the Biodiversity Convention. The UK also brokered a compromise agreement on the Convention's budget over the next three years which will allow extra work to be done whilst limiting the overall increase in contributions to 5 per cent. An offer by the UK, strongly supported by the EU to host the next conference, was narrowly rejected in favour of Indonesia.

The United Kingdom was elected to Chair the Convention's Standing Committee which will be taking major decisions on behalf of all the Parties in the period before the next Conference in two and a half years.

Local Government Act 1988

Mr. Baker: To ask the Secretary of State for the Environment, Transport and the Regions what is his policy in respect of Section 28 of the Local Government Act 1988. [6895]

Mr. Raynsford *[holding answer 1 July 1997]:* The Government has long made it clear that we are opposed to Section 28 of the Local Government Act 1988. We are therefore intending to repeal it; however, there is no legislative opportunity available at present.

SOCIAL SECURITY

Child Support Agency

Mr. Healey: To ask the Secretary of State for Social Security what plans she has for a review of the structure and operation of the Child Support Agency; over what time scale and with what terms of reference; and if she will make a statement. [4889]

Mr. Keith Bradley: Over the coming months we will be looking closely at all areas of the Child Support Agency's operations, in particular to ensure that cases are processed faster, backlogs are tackled and fathers do not avoid paying maintenance.

Mr. Kirkwood: To ask the Secretary of State for Social Security if she will list the proportion of the new work intake of the Child Support Agency during 1996–97 and the number of live assessed cases on 31 March 1997 relating to persons with care *(a)* claiming (i) income support, (ii) income-based jobseekers allowance, (iii) family credit and (iv) disability working allowance and *(b)* not in receipt of means-tested benefits; if she will list the figures for the three previous years; and if she will estimate the proportion of maintenance collected which is not offset against means-tested benefits. [5265]

Mr. Bradley: We expect the Child Support Agency to provide an efficient and effective service to all its clients throughout the Child Support assessment process. We are looking for substantial and sustained improvements from the Agency in particular on getting more maintenance paid, reducing the backlog and improving customer service.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about new work intake by the Child Support Agency.

The Agency intake of new work in 1996–97 was 368,026. The intake for the 3 previous years was 356,317 in 1995–96; 398,584 in 1994–95; and 858,011 in 1993–94.

Information is not available to break down each years new intake of work into the categories that you have requested. However, data relating to the Agency's live and assessed caseload is produced by

the Analytical Services Division of the Department of Social Security. Figures are not available, as at the month of March for each of the years you have requested; the nearest figures available are those at 30 June 1994, 31 March 1995 and 28 February for both 1996 and 1997. The table attached shows the total live and assessed caseload, and the number of cases with full maintenance assessments at the dates mentioned.

The table also outlines the proportion of parents/persons with care claiming means tested benefits and those who are not. Data is only available for full maintenance assessments. The number of cases where the parent with care is in receipt of Disabled Working Allowance is small, and these are included with Family Credit cases. Income-based Job Seekers Allowance cases are not counted separately, and they are included with Income Support cases.

Of the £399.9m collected or arranged for payment by the Agency in 1996–97, £267.7m (67%) has been calculated as offsetting benefit spending. This leaves an estimated £132.2m (33%) which did not offset benefit spending.

I hope this is helpful.

Child Support Agency live and assessed cases: full maintenance assessments (FMAs) and parent/person with care benefit status

	June 1994	*March 1995*	*February 1996*	*February 1997*
Number of live and assessed cases	203,600	345,400	460,800	579,200
Number of FMAs	152,100	257,900	369,100	498,500
Proportion of parents with care				
In receipt of income support	86.2 per cent.	83.5 per cent.	77.0 per cent.	73.1 per cent.
In receipt of family credit and disabled working allowance	8.9 per cent.	10.5 per cent.	13.2 per cent.	15.2 per cent.
Not in receipt of means tested benefit	4.9 per cent.	6.0 per cent.	9.8 per cent.	11.7 per cent.

Mr. Kirkwood: To ask the Secretary of State for Social Security how many persons with care have received payments of interest on delay from the Child Support Agency. [5271]

Mr. Bradley: The administration of the Child Support Agency is a matter for the Chief Executive, Mrs Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the number of persons with care who have received payments of interest on delay from the Child Support Agency.

The measure whereby persons with care are compensated for delays caused by the Agency in passing on maintenance payments was introduced in March 1996, and was applicable to payments made from 1 April 1995. At the 30 April 1997, the total number of persons with care who have received payments under this measure from the Agency was 835, from a live and assessed caseload of approximately half a million.

I hope this is helpful.

Mr. Kirkwood: To ask the Secretary of State for Social Security if she will give a breakdown of the level of Child Support Agency full assessment against absent parents' income in bands of £50 a week; and what proportion of absent parents have an assessment which is higher than the maintenance requirement for the relevant children. [5293]

Mr. Bradley: The formula provisions are designed to ensure that absent parents pay a reasonable amount towards the costs of their children, and contain a number of safeguards to ensure they retain a fair proportion of their income to meet other commitments. The additional maintenance payable when absent parents have sufficient income to meet the basic maintenance requirement helps to ensure that children share their higher standard of living.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security regarding the level of Child Support Agency full maintenance assessments against absent parents net income and the proportion of absent parents that have a maintenance assessment that is higher than the maintenance requirement.

The tables below outline full maintenance assessments of absent parents by net income as requested.

The proportion of absent parents with a final maintenance higher than the maintenance requirement is approximately 12%.

I hope this is helpful.

Absent parents full maintenance assessments by net income for assessable purposes

28 February 1997

Maintenance (£ per week)	*Total*	*Absent parents net income*				
		£0.00	*£0.01–£49.99*	*£50.00–£99.99*	*£100.00–£149.99*	*£150.00–£199.99*
Total	498,500	203,500	19,100	28,900	57,500	80,100
£0.00	192,800	155,700	5,400	14,800	8,800	6,400
£0.01–£4.80	77,200	38,500	13,800	11,900	10,100	2,900
£4.81–£9.99	10,000	300	—	1,400	4,900	2,600
£10.00–£19.99	25,000	700	—	800	12,900	7,900
£20.00–£29.99	30,200	1,500	—	100	11,500	11,200
£30.00–£39.99	34,000	2,000	—	—	7,100	14,500
£40.00–£49.99	37,000	1,400	—	—	2,100	18,300

Absent parents full maintenance assessments by net income for assessable purposes

28 February 1997

Maintenance (£ per week)	*Total*	*Absent parents net income*				
		£0.00	*£0.01–£49.99*	*£50.00–£99.99*	*£100.00–£149.99*	*£150.00–£199.99*
£50.00–£59.99	33,500	800	—	—	100	15,400
£60.00–£69.99	23,900	1,000	—	—	—	800
£70.00–£79.99	16,400	800	—	—	—	100
£80.00–£89.99	9,400	200	—	—	—	—
£90.00–£99.99	4,500	300	—	—	—	—
£100.00–£109.99	2,100	100	—	—	—	—
£110.00–£119.99	1,200	100	—	—	—	—
£120.00 and over	1,200	100	—	—	—	—

Maintenance (£ per week)	*Absent parents net income*					
	£200.00–£249.99	*£250.00–£299.99*	*£300.00–£349.99*	*£350.00–£399.99*	*£400.00–£449.99*	*£450.00–or more*
Total	53,800	29,700	12,400	6,800	3,300	3,300
£0.00	1,400	200	—	—	—	—
£0.01–£4.80	100	—	—	—	—	—
£4.81–£9.99	800	—	—	—	—	—
£10.00–£19.99	2,300	400	—	100	—	—
£20.00–£29.99	4,700	1,000	300	—	—	—
£30.00–£39.99	7,400	2,300	400	200	—	—
£40.00–£49.99	9,600	3,900	100	400	100	—
£50.00–£59.99	9,600	5,300	1,500	700	200	—
£60.00–£69.99	13,600	5,100	1,900	1,100	300	100
£70.00–£79.99	4,200	7,200	2,400	1,000	500	100
£80.00–£89.99	100	4,100	2,700	1,200	600	200
£90.00–£99.99	—	100	1,800	1,100	600	200
£100.00–£109.99	—	—	300	700	500	200
£110.00–£119.99	—	—	—	300	200	300
£120.00 and over	—	—	—	—	200	700

Absent parents with a net income of £0.00 includes all cases where the absent parent is on income support JSA(IB). This includes a small number of cases where the maintenance assessment is greater than £4.80. These are normally suspended cases where the CSA is investigating the current status of the absent parent.

Mr. Kirkwood: To ask the Secretary of State for Social Security if she will list for each quarter for which information is available since April 1993 *(a)* the total debt in Child Support Agency accounts, *(b)* the debt attributable to interim maintenance assessments and *(c)* for both IMA-only cases and fully assessed cases, the number and percentage of accounts (i) fully paid up, (ii) partly paid up and (iii) without any payments made; and if he will add these data to the CSA performance statistical information placed in the Library. [5261]

Mr. Bradley: The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the amount of debt in Child Support Agency accounts.

The amount of debt, which includes final maintenance assessments and all interim maintenance assessments (except Category A maintenance assessments) remaining to be collected by the Agency at the end of March 1997 was £513,124,641.

The amount of maintenance outstanding attributable to Category A assessments remaining to be collected by the Agency at the end of March 1997 was £613,765,094.

Compliance rates are only available from November 1995. Prior to that date information available was of insufficient reliability to produce accurate results. The tables attached reflect the position from November 1995.

We will not be including these statistics in the CSA Statistical Information report which is placed in the House of Commons Library, as these statistics are available to the public in the DSS Analytical Services Division CSA Quarterly Summary of Statistics.

I hope this is helpful.

Child Support Agency payment compliance via regular payment accounts

Full Maintenance Assessments (including all categories—excluding suspended and deferred cases)

	Total	*Not applicable*	*Sub total*	*Full*	*Per cent.*	*Partial*	*Per cent.*	*Nil*	*Per cent.*
November 1995	341,500	221,700	119,900	22,800	19	41,700	35	55,400	46
February 1996	369,100	238,100	130,900	30,200	23	43,500	33	57,200	44
May 1996	395,500	254,200	141,200	35,900	25	48,200	34	57,200	41

Child Support Agency payment compliance via regular payment accounts

Full Maintenance Assessments (including all categories—excluding suspended and deferred cases)

	Total	Not applicable	Sub total	Full	Per cent.	Partial	Per cent.	Nil	Per cent.
August 1996	426,300	277,500	148,800	31,100	21	56,400	38	61,200	41
November 1996	462,800	306,300	156,500	43,100	28	52,400	33	61,000	39
February 1997	498,500	333,100	165,400	52,200	32	52,100	31	61,000	37

Not applicable category includes those cases with nothing due or where payment is not via the collection service, as well as the majority of absent parents in receipt of income support.
Due to rounding figures may not sum to exact totals.
Nil compliance indicates that no payment has been made during the last three months.

Interim maintenance assessments

	Total	Not applicable	Sub total	Full	Per cent.	Partial	Per cent.	Nil	Per cent.
November 1995	94,000	20,400	73,600	400	1	4,100	5	69,100	94
February 1996	91,800	21,300	70,500	500	1	4,700	7	65,200	92
May 1996	89,200	21,000	68,100	500	1	4,600	7	63,000	92
August 1996	86,200	21,800	64,300	500	1	4,300	7	59,500	92
November 1996	83,200	22,600	60,600	700	1	4,500	8	55,400	91
February 1997	80,700	24,400	56,300	600	1	4,000	7	51,700	92

Not applicable category includes those cases with nothing due or where payment is not via the collection service, as well as the majority of absent parents in receipt of income support.
Due to rounding figures may not sum to exact totals.
Nil compliance indicates that no payment has been made during the last three months.

Mr. Pond: To ask the Secretary of State for Social Security what proportion of child maintenance assessments were processed by the Child Support Agency (i) within six months, (ii) within a year and (iii) after more than a year in 1996–97. [5446]

Mr. Bradley: We expect the Child Support Agency to provide an efficient and effective service to all its clients throughout the child support assessment process. We are looking for substantial and sustained operational improvements from the Agency, in particular on getting more maintenance paid, reducing the backlog and improving customer service.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Chris Pond, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the processing of maintenance assessments. I am afraid that I am unable to provide precise information in the format requested, as we do not have a breakdown of the proportion of clearances within a year and greater than a year.

The clearance of maintenance assessments is the subject of a Secretary of State target, which in 1996/97 required that 60% of new applications be cleared within 26 weeks. We therefore monitored the progress of applications with this target in mind.

In 1996/97, we reported that 54% of new applications were cleared within 26 weeks. This was the figure for the full year. Performance was improving as the year-end approached in February and March, the in-month achievement was 60% and 63% respectively.

Performance this year shows a continuing upward trend in the clearance of cases.

I hope this is helpful.

Mr. Kirkwood: To ask the Secretary of State for Social Security what has been the caseload of the Child Support Agency, in respect of *(a)* cases awaiting assessment and *(b)* live assessed cases at the end of each financial year of its operation; and what estimates she has made of these figures over the next five years. [5280]

Mr. Bradley: The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the caseload of the Child Support Agency.

Details of the number of cases awaiting assessment at the end of each year of operation are as follows:

1993–94: 550,000

1994–95: 425,561

1995–96: 409,659

1996–97: 406,649

Details of the Agency's live and assessed cases are provided by the Department of Social Security Analytical Services Division, and are measured for the Agency's Quarterly Summary of Statistics (QSS). The quarterly measurement has not always coincided with the end of the financial year; the following figures are therefore from the QSS nearest to the year-end:

1993–94: 203,600 (June 1994 QSS)

1994–95: 345,400 (March 1995 QSS)

1995–96: 460,800 (February 1996 QSS)

1996–97: 579,200 (February 1997 QSS).

We would expect to have reduced work on hand to around 200,000 by the end of 1998–99. The Agency is constantly seeking to improve clearance times and taking this into account would expect to have around 150,000–200,000 cases on hand during the following three years.

The number of live and assessed cases at the end of each of the next five years is expected to be as follows:

1997–98: 730,000

1998–99: 855,000

1999–2000: 950,000

2000–01: 1,035,000

2001–02: 1,115,000

I hope this is helpful.

Mr. Kirkwood: To ask the Secretary of Sate for Social Security how many complaints concerning the Child Support Agency were sent in the last six quarters to *(a)* its customer services manager, *(b)* its chief executive and *(c)* Ministers; and when complainants were informed of the establishment of the office of independent case examiner. [5316]

Mr. Bradley: The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about complaints concerning the Child Support Agency. I am afraid that I am unable to provide precise information in the format requested.

Most letters of complaint to the Agency are not dealt with centrally, but are handled by the Child Support Agency Centres (or, in a small number of instances, field offices) responsible for the complainants case. The number of complaints received by the Centres (or the field) over the last six quarters is as follows:

Quarter	*Number of complaints*
October to December 1995	7,609
January to March 1996	6,257
April to June 1996	6,275
July to September 1996	6,259
October to December 1996	5,808
January to March 1997	5,870

Whilst figures are collated on correspondence received by Ministers and Chief Executive offices, this is not broken down into different categories, and it is not possible to say what proportion of that correspondence relates to complaints. Details of the number of letters received by the Chief Executive and by Ministers over the last six quarters is as follows:

Quarter	*Chief Executive*	*Ministers*
October to December 1995	2,322	455
January to March 1996	2,412	370
April to June 1996	2,338	402
July to September 1996	2,102	319
October to December 1996	2,333	346
January to March 1997	2,266	347

It is important to consider the amount of correspondence, whether complaints or other matters, in the context of the Agency's overall business. From launch in April 1993 to the end of 1996/97, the Agency has taken on just under two million cases. A relatively small proportion of the Agency's workload, therefore, results in complaints or other correspondence.

In response to a written Parliamentary Question, the then Parliamentary Under Secretary of State announced on 25 March 1996, that an Independent Complaints Examiner would be recruited for the Agency. This was followed by a press release, on the same day, stating his intentions to recruit an Independent Complaints Examiner, following a pilot to inform the guidelines within which the Examiner would operate. The appointment of Anne Parker as Independent Case Examiner was announced in a press release on 31st December 1996 and a leaflet explaining the service was published at the end of March 1997. Additionally, moves to publicise the service have included meetings between the Examiner and stakeholder organisations, and correspondence from the Ombudsman to MPs.

The Office of the Independent Case Examiner opened for business on 7th April 1997, but there were some restrictions on publicity during the General Election period.

I hope this is helpful.

Mr. Kirkwood: To ask the Secretary of State for Social Security how many Child Support Agency cases have had initial period arrears of over six months deferred in each quarter since April 1995; and in how many of these cases the person with care has been compensated. [5254]

Mr. Bradley: The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the Child Support Agency initial period arrears cases.

This measure was introduced to encourage absent parents to start paying maintenance where significant levels of arrears had accrued, as a direct result of Agency delays in processing initial maintenance assessments in the early period of the Agency. Under this arrangement, if absent parents continue to comply for 52 weeks, they would only be liable for the latest 6 months of arrears. Where this results in a balance of arrears being due to the person with care, this is paid by the Agency in the form of a special payment.

The table attached shows the number of cases where initial period arrears have been deferred and the number of cases where the person with care has been compensated.

Because of the 52 week qualifying period no payments were made during 1995/96. It follows that any agreements made for 1996/97 would not be actioned until the beginning of the following financial year, namely 1997/98.

I hope this is helpful.

Child Support Agency initial period arrears cases

Period	*Initial period arrears deferred — number of cases*	*Number of cases where person with care has been compensated*
April to June 1995	14	Not applicable
July to September 1995	76	Not applicable
October to December 1995	304	Not applicable
January to March 1996	382	Not applicable
April to June 1996	303	Nil
July to September 1996	200	16
October to December 1996	191	20
January to March 1997	266	52
Totals	1,736	88

Mr. Kirkwood: To ask the Secretary of State for Social Security when the Child Support Agency performance statistics for the final quarter of 1996–97 will be placed in the Library; and if the CSA met its performance targets and its charter targets for that year. [5288]

Mr. Bradley: The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood, dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the performance of the Child Support Agency in 1996/97.

Performance statistics for the final quarter of the year were placed in the Library on 4th June 1997.

The Agency was given a demanding set of targets for 1996/97 by the Secretary of State, and performance indicated the good progress made in its main activities, with four out of five targets achieved in full. Full details of performance against the targets are shown in the attached table 1.

The original Agency Charter was published in April 1993 to coincide with the launch of the Agency. It has now been revised, following consultation with Agency staff, client representative groups, DSS Headquarters, and the Citizen's Charter Unit. The new Charter was published in November 1996, and was the first Agency leaflet to be awarded the Plain English Campaign "Crystal Mark". Performance in 1996/97 against the revised standards is shown in the attached table 2.

I hope this is helpful.

Table 1

Secretary of State Target 1996–97	*Performance*
£380m to £400m to be collected by the Agency or arranged for direct payment.	£399.89 million
To achieve continuing improvement in accuracy so that in at least 85 per cent. of cases checked during March 1997 the assessment value will be for the correct amount.	87 per cent.
95 per cent. of payments to parents with care to be made within 10 working days of receipt from the absent parent.	98 per cent.
Maintenance assessments:	
60 per cent. to be cleared within 26 weeks.	54 per cent.
At 31 March 1997, no more than 10 per cent. of all applications to be over 52 weeks old.	12 per cent.
Second tier reviews:	
55 per cent. to be cleared within 13 weeks.	66 per cent.
80 per cent. to be cleared within 26 weeks.	88 per cent.
At 31 March 1997, no more than 15 per cent. to be over 26 weeks old.	10 per cent.

Table 2

Charter standards	*Performance Per cent.*
We aim to complete new assessments within 26 weeks.	54
We aim to pay parents with care their maintenance within 10 working days of receipt from the absent parent.	98
We aim to review assessments within 26 weeks.	88
We aim to send all the necessary information to the appeal tribunal within 13 weeks.	82
We aim to answer your telephone call with 20 seconds if you phone with a general enquiry during normal working hours.	64
We aim to reply to letters within 10 working days of receiving them.	52
We aim to see you within 10 minutes of your arrival if you have booked an appointment.	100
We aim to acknowledge your complaint within 2 working days.	92
We aim to send a full reply within 10 working days.	62

Mr. Kirkwood: To ask the Secretary of State for Social Security in how many Child Support Agency cases *(a)* liability orders have been registered in the county court, *(b)* inspectors have been appointed and *(c)* category C IMAs have been made. [5258]

Mr. Bradley: The Government believes all children are entitled to the support of both parents, irrespective of where they live. We cannot tolerate absent parents not paying the maintenance that they owe. It is therefore right that the Child Support Agency should chase up fathers who avoid paying.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Archy Kirkwood dated 7 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about the enforcement of maintenance assessments.

Legal action against an absent parent is a serious step, and is not taken lightly by the Agency. Nevertheless, if all other voluntary methods have failed, and if a deduction from earnings order is not a possibility, then a liability order is applied for. The Agency's intention in such cases is to secure maintenance—it is hoped that the threat of such action will be enough to ensure compliance.

During 1996/7 the Agency initiated liability order action in 2101 cases. The number of cases where a liability order was granted during 1996/7 was 1136.

Additionally, since May 1996 the Agency has been able to enter liability orders in the County Court Register of Judgments in England and Wales. In 1996/97, 110 liability orders were entered in the County Court Register. In the first two months of 1997/98, 78 liability orders have been entered in the Register.

Under Section 15 of the Child Support Agency 1991, the Secretary of State may appoint a designated officer to act as an inspector, to visit an employer or self-employed absent parent in order to obtain relevant information on a specific case. The Agency does not employ staff specifically to undertake the role of an inspector. Where it is appropriate to utilise inspectorate powers, a suitably qualified and experienced officer is designated. We do not collate information on the number of cases where it has been necessary to invoke the powers of an inspector.

Category C interim maintenance assessments are only used where a self-employed person is genuinely attempting to cooperate, but is having difficulty providing all the necessary information. Where a self-employed person is being deliberately uncooperative a punitive Category A interim maintenance assessment is imposed. Very few Category C interim maintenance assessments have been made since their introduction in April 1995; the numbers are as follows:

1995/96: 10

1996/97: 3

1997/98: 1 (to 31.5.97)

I hope this is helpful.

Child Care Disregard

Ms Julie Morgan: To ask the Secretary of State for Social Security how many people in Wales have been in receipt of child care disregard since April 1996; and how many are lone parents. [7155]

Mr. Keith Bradley: Our objective is to reduce poverty and welfare dependency and to promote work incentives. Work is the best form of welfare for people of working age.

There were around 1,600 family credit awards that included help with childcare made to people in Wales between 1 April 1996 and 30 November 1996, the latest date for which figures are available. Of these 1,400 were lone parents.

Information on families receiving the help through disability working allowance is not available, and housing benefit information will not be available until later in the year.

Source:

Family Credit 5 per cent. sample of awards.

Old Documents

Mr. Baker: To ask the Secretary of State for Social Security what is the date and title of the oldest document or archival unit retained by her Department which has not been passed on to the Public Record Office for release for public inspection. [7202]

Mr. Field: The oldest file in the Department of Social Security awaiting transfer to the Public Record Office is:- *Ministry of Pensions Hospital, Leopardstown Park, Dublin. Surrender by Mr. Bernard Dunning of his reversionary interests in the property to the Crown.* The file was raised on 7 February 1932 and closed on 25 April 1933.

Benefit Integrity Project

Mr. Burstow: To ask the Secretary of State for Social Security what estimate he has made of the savings that will accrue from the benefit integrity project for *(a)* the current year and *(b)* subsequent years. [6326]

Mr. Field: One of our key aims is to restore confidence in the benefits system by tackling fraud and ensuring value for taxpayers' money. Questions on Benefits Agency operational matters are the responsibility of the Chief Executive, Peter Mathison. I have asked him to write directly and for his reply to be published with this answer.

Letter from Peter Mathison to Mr. Paul Burstow dated 7 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question regarding the estimate that has been made of the savings that will accrue from the Benefit Integrity Project for (a) the current year and (b) subsequent years.

The estimated programme expenditure savings attributed to the Benefit Integrity Project for the current year are £27m. Savings for the years 1998/99 and 1999/2000 are estimated to be £40m and £35m respectively.

I hope you find this reply helpful.

Written Answers to Questions

Wednesday 9 July 1997

PRESIDENT OF THE COUNCIL

Privy Council

Mr. Mitchell: To ask the President of the Council if she will list the names of those who have resigned from the Privy Council since 1967, indicating the reasons they have given. [6481]

Mrs. Ann Taylor: Since 1967, Mr. John Stonehouse and Mr. Jonathan Aitken have asked for their names to be removed from the list of Privy Counsellors. In both cases, the reasons given were personal.

HOUSE OF COMMONS

Council of Europe

Mr. David Atkinson: To ask the President of the Council if she will arrange for the yellow Demand Form for European Printed Papers to include reports, recommendations, resolutions and orders adopted by the Parliamentary Assembly of the Council of Europe. [7105]

Mrs. Ann Taylor: The yellow Demand Form lists only titles which are held in stock in the Vote Office. Stocks of publications from the Council of Europe are not held but copies may be ordered through the Vote Office by use of the green Demand Form. Reference copies of many such publications are held in the House of Commons Library.

Division Lobbies (Alterations)

Mr. Forth: To ask the hon. Member for Roxburgh and Berwickshire, representing the House of Commons Commission, what was the cost of the alterations to the division lobbies. [6948]

Mr. Kirkwood: The total cost of the alterations to the division lobbies was some £2,500.

HOME DEPARTMENT

Electoral Register

Mr. Barnes: To ask the Secretary of State for the Home Department how many complaints *(a)* his Department and *(b)* electoral registration offices received from those whose names did not appear on registration lists for the last General Election; and if he will make a statement. [6020]

Mr. George Howarth *[holding answer 1 July 1997]: (a)* We have received around 400 complaints about non-registration for the last General Election. *(b)* Information on the number of complaints received by electoral registration officers is not compiled centrally and could be obtained only at disproportionate cost.

Mr. Barnes: To ask the Secretary of State for the Home Department what estimate he has made of the number of homeless people who fail to qualify for electoral registration because of the residence requirement; and if he will make a statement. [6013]

Mr. Howarth *[holding answer 1 July 1997]:* Information on the number of homeless people who are not included on the electoral register is not available. The guidance issued to electoral registration officers makes it clear that no one should be denied the right to register simply because they are homeless. Although an elector must be registered at an address at which he or she is resident, that address need not be a conventional one.

Altcourse Prison

Mrs. Curtis-Thomas: To ask the Secretary of State for the Home Department if category A prisoners will be housed in Altcourse Prison. [7046]

Ms Joyce Quin: It is planned that Altcourse prison, Liverpool, will house up to 25 category A prisoners.

Young Offenders

Ms Kelly: To ask the Secretary of State for the Home Department how many persistent young offenders in Bolton, West he estimates will be affected by the Government's plans for fast-track punishment. [6474]

Mr. Michael: It is not possible to give an estimate of how many persistent young offenders in Bolton, West will be affected by the Government's commitment to halving the time between arrest and sentence for persistent young offenders. We are taking early action to encourage all youth agencies to deal with cases more speedily and will be monitoring progress in achieving this aim.

We also believe that certainty and speed of outcome will send a clear message which will help deter some youngsters from offending. We are also encouraging the police and local authorities together to assess accurately the level of crime and disorder affecting the public in their area as a basis for a strategic partnership. It is hoped that this will provide a more accurate assessment of youth crime than basing a local estimate on an extrapolation from national averages.

Mr. Rendel: To ask the Secretary of State for the Home Department what plans he has to expand the number of non-custodial schemes to divert convicted youths from further crime. [5544]

Mr. Michael *[holding answer 7 July 1997]:* It is the Government's policy to "nip things in the bud" with young offenders. For example, we have signalled an intention that offenders will be punished by ending the practice of repeat police cautions, introducing a new Final Warning which will trigger effective intervention by the new locally based Youth Offender Teams.

We will require the police and local authorities to identify local problems of crime and disorder and to develop a strategy to tackle local problems. This will build on best practice in preventing crime and diverting young offenders from further offending.

We will also introduce reparation orders and a new action plan order and will introduce Youth Offender Teams to plan and supervise community sentences aimed at changing offending behaviour.

Police Act 1997

Mr. Beith: To ask the Secretary of State for the Home Department when he plans to implement Part III of the Police Act 1997. [6926]

Mr. Michael: We will implement these provisions as quickly as possible, but a number of issues need to be addressed first. In particular, Part III cannot be implemented until a code of practice has been approved by Parliament. I hope to announce shortly the start of a consultation exercise on a draft of the code.

Rohypnol

Mr. Beith: To ask the Secretary of State for the Home Department what evidence he has evaluated of the illegal use of the drug Rohypnol; and what plans he has to warn people of the dangers of this drug. [6920]

Mr. George Howarth: Rohypnol (which is the proprietary name for the benzodiazepine drug flunitrazepam) is controlled under the Misuse of Drugs Act 1971 as a Class C drug. Statistical data on seizures and offenders and on those presenting for treatment do not separately identify Class C drugs, but there is anecdotal evidence of the misuse of flunitrazepam in Scotland and in the London area. There were three police seizures of the drug reported to the Forensic Science Service in 1996 which implies that there is little flunitrazepam misuse in the United Kingdom.

In accordance with a decision by the United Nations Commission on Narcotic Drugs to control flunitrazepam more tightly under the United Nations Convention on Psychotropic Substances 1971, we intend bringing forward later this year amendments to the Misuse of Drugs Regulations 1985 to increase the controls on the drug in the United Kingdom.

Government funded publicity campaigns about the risks of drug misuse warn of the dangers associated with the benzodiazepines, such as valium and temazepam, generally. There are no current plans to highlight this particular drug within these campaigns.

Attendance Centres

Mr. Beith: To ask the Secretary of State for the Home Department what plans he has to improve the facilities in attendance centres. [6921]

Mr. Michael: Attendance centres are operated from accommodation rented from local authorities, usually schools, with the centre making use of the facilities available at the location. The Officer in Charge of the centre can apply to the Home Office for funds to purchase additional equipment to ensure that the centre is able to offer a constructive and challenging regime.

CS Gas

Mr. Beith: To ask the Secretary of State for the Home Department what plans he has to review the guidance given to the police on the use of CS gas. [6923]

Mr. Michael: We will review guidance to chief officers on the use of CS for dealing with public disorder in the light of any proposals resulting from current consideration of the subject by the Association of Chief Police Officers (ACPO). Guidance to chief police officers on the use of CS spray for self-defence is issued by ACPO, which keep it under continuous review.

Urban Disturbances

Mr. Sheerman: To ask the Secretary of State for the Home Department how many serious youth-led urban disturbances have occurred in the United Kingdom in the past 10 years; and when and where each such disturbance occurred. [7049]

Mr. Michael: The information is not available in the form requested. The available information indicates that serious disturbances have occurred at:

Location	*Date*
Wellington	12 August 1991
Cardiff	30 August–3 September 1991
Oxford	30 August–4 September 1991
Handsworth	2 September 1991
North Shields	9 September 1991
Bristol	12 September 1991
Harlesden, London	27 April 1992
Coventry	12–14 May 1992
Coventry	22–24 May 1992
Stockton	14–16 June 1992
Salford	2–6 July 1992
Luton	6–8 July 1992
Bristol	16–17 July 1992
Carlisle	21 July 1992
Burnley	19–23 July 1992
Blackburn	22–23 July 1992
Huddersfield	22–23 July 1992
London	30 January 1993
Welling	8 May 1993
Lincoln	3–4 June 1993
Whitechapel, London	10 September 1993
Welling	16 October 1993
London	15 January 1994
Nottingham	15 January 1994
Downing Street, London	24 July 1994
Leeds	15 October 1994
Hyde Park, London	9 October 1994
Westminster, London	19 October 1994
Bradford	9–11 June 1995
Luton	5–6 July 1995
Leeds	10–11 July 1995
Trafalgar Square, London	12 April 1997
Leeds	16 May 1997
Leeds	18 June 1997

Rehabilitation of Offenders

Mr. Beith: To ask the Secretary of State for the Home Department what plans he has to amend SI 1975/1023 relating to the Rehabilitation of Offenders Act 1974. [6925]

Mr. Michael: I expect to lay a new Exceptions Order before the House by the end of this year. This will replace SI 1975/1023, rationalise the present categories of exceptions and include those new ones that meet the criteria of:

national security;

the protection of particularly vulnerable members of society, such as the handicapped, elderly, young or sick;

maintaining confidence in the administration of the law and in certain licensing systems; and

ensuring probity in the areas of banking and financial services.

Consultations are now under way on all outstanding requests for new categories of exceptions.

Blind and Partially Sighted Voters

Mr. Burstow: To ask the Secretary of State for the Home Department what assessment his Department has made of the advantages of a trial use of large print ballot papers and braille templates for elections; and what meetings officials from his Department have held with organisations representing blind and partially sighted people to discuss this issue. [6454]

Mr. George Howarth: Officials from this Department last met representatives of the Royal National Institute for the blind (RNIB) on 20 March 1997 to discuss proposals to help blind and partially sighted voters to vote in person. RNIB's clear print guidelines, which include advice on the use of large print and the typeface for ballot papers, were circulated by the Home Office to Acting Returning Officers in February. There is no provision in legislation for the use of templates carrying the details of candidates in braille and large print, to be used in conjunction with the ballot paper available to all other voters at the polling station. Further research would be required to test the practical and timetabling implications of such templates and to ensure that they could be used without becoming subject to error or abuse.

Drink Driving

Mr. Mackinlay: To ask the Secretary of State for the Home Department (1) if he will assess the advantages of introducing legislation to increase the penalties for drunken driving and related offences; [6619]

(2) if he will increase the penalties for drivers exceeding the permissible limits for alcohol in the blood. [6620]

Mr. Michael: The offence of driving when unfit through drink attracts a maximum penalty of six months' imprisonment or a fine of £5,000 or both, obligatory disqualification and endorsement of the offender's driving licence. Driving with excess alcohol in the blood attracts the same maximum penalty. We have no plans to increase these penalties or the maximum penalties for related offences.

Handguns (Compensation)

Mr. Frank Cook: To ask the Secretary of State for the Home Department what steps he has taken to ensure that *(a)* his officials and *(b)* police forces provide detailed information to firearms certificate holders about the levels of compensation they are entitled to receive for handguns and handgun accessories surrendered in accordance with the Firearms (Amendment) Act 1997. [7126]

Mr. Michael: By now, all firearm certificate holders and registered dealers should have received from their local police force copies of an information pack, including the full text and annexes to the Compensation Scheme as debated and approved by Parliament on 9 June. The levels of compensation are clearly set out in these documents. The pack also includes the claim form, a leaflet on how to complete the form and advice on where and when to surrender their weapons. In addition, the Home Office has written to clubs about the arrangements.

Perjury

Mr. Gordon Prentice: To ask the Secretary of State for the Home Department (1) pursuant to his answer of 26 June, *Official Report*, column *574*, how many convictions for perjury since 1979 resulted in *(a)* a custodial sentence, *(b)* a fine and *(c)* a conditional discharge; [6426]

(2) pursuant to his answer of 26 June, *Official Report*, column *574*, how many convictions for perjury since 1979 arose from court proceedings in an action for defamation. [6427]

Mr. Michael: The table below shows a breakdown of the number of convictions for perjury offences by type of sentence given.

Court data held centrally by the Home Office do not separately identify actions for defamation.

Number of persons convicted and sentenced[1] at all courts for offences of perjury[2] by type of disposal, 1979–1995

England and Wales

		Type of sentence			
Year	*Total convicted*	*Total sentenced*	*Conditional discharge*	*Fine*	*Immediate custody*
1979	135	135	8	35	47
1980	174	174	11	59	50
1981	145	146	6	36	52
1982	131	133	5	44	55
1983	139	142	12	48	47
1984	186	186	6	54	79
1985	162	159	17	37	55
1986	124	125	3	28	61
1987	167	167	7	68	52
1988	203	204	14	49	77
1989	195	197	11	47	66
1990	160	161	16	42	47
1991	166	166	16	45	51
1992	164	165	26	46	59
1993	150	150	25	36	51
1994	144	144	23	40	55
1995	193	194	15	37	94

[1] Includes persons convicted at magistrates' courts but committed for sentence at the Crown Court. Therefore some people may be convicted in one calendar year and sentenced in the next.

[2] An offence under the Perjury Act 1911 and Criminal Justice Act 1925 Sec. 36, Criminal Justice Act 1967 Sec. 89, Mines and Quarries (Tips) Act 1969 Sec. 12(2) (in part), Magistrates' Courts Act 1980 Sec. 106, Mental Health Act 1983 Sec. 126(4), County Courts Act 1984 Sec. 133 and Criminal Justice and Public Order Act 1994 Sec. 75.

Voting (Residential Homes)

Mr. Burstow: To ask the Secretary of State for the Home Department what plans his Department has to introduce voting points in residential homes, sheltered housing and hospitals at elections on a trial basis. [6455]

Mr. George Howarth: We have no plans to do so at this time.

NATIONAL HERITAGE

Royal Fine Art Commission

Sir Patrick Cormack: To ask the Secretary of State for National Heritage if he will define the roles of *(a)* the Royal Fine Art Commission and *(b)* English Heritage in commenting on major proposals for new buildings in historically and environmentally sensitive areas. [6634]

Mr. Fisher: Local planning authorities were advised in a DoE letter of 17 March 1997 to seek the advice of the Royal Fine Art Commission (RFAC) on development schemes of national or major regional importance. The Royal Fine Art Commission is able to examine about 140 such schemes each year, not all of which have an impact on historic environments. The Royal Fine Art Commission will examine the design quality of a building itself and its impact on its surroundings. Its recommendations have no statutory force but there is a good record of their being adopted.

English Heritage is the Government's statutory adviser on the management of the historic environment in England. Local Authorities are advised in PPG 15 to consult English Heritage on all planning applications for developments affecting the setting of grade I and II* buildings and of grade II buildings in Greater London, and on major applications for development in conservation areas. In order to give advice about the impact of new buildings on their historic environment, English Heritage must take a view on both the quality and the appropriateness of proposed extensions or new buildings. English Heritage saw over 5,000 such applications in 1995–96.

There is some degree of overlap between these functions and the staff of the Royal Fine Art Commission and English Heritage liaise to avoid duplication.

Seaside Piers

Mr. Mitchell: To ask the Secretary of State for National Heritage for which seaside piers national lottery funding has been applied for; which have been successful; and what amounts have been allocated to those successful applicants. [7182]

Mr. Banks: I refer my hon. Friend to the answer I gave on 4 July 1997, *Official Report*, column *292*.

Old Documents

Mr. Baker: To ask the Secretary of State for National Heritage what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7209]

Mr. Tom Clarke *[holding answer 8 July 1997]:* The oldest document, dated 1895/6, comprises loose correspondence and drawings relating to the erection of a memorial in Windsor Castle. These were recently found in my Department and will shortly be transferred to the Public Record Office or the Royal Archivist. There is only one other registered record of papers over 30 years old retained by this Department.

Sporting Events (Television Coverage)

Mr. Grogan: To ask the Secretary of State for National Heritage if he will make a statement on the absence of terrestrial television coverage of the British Lions tour of South Africa; and if this represents a breakdown of the unbundling agreement between the satellite and terrestrial television broadcasters. [7153]

Mr. Fisher: I understand that the South African Rugby Union own the television rights to the British Lions tour of South Africa. Consequently those rights were not covered by the voluntary code of conduct for the broadcasting of sports events which a number of UK sports organisations have adopted. However, rights to show highlights of the matches were acquired by S4C. The review of listed events will need to assess the effectiveness of the voluntary arrangements for unbundling the various types of broadcasting rights as a substitute form of access to some events.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for National Heritage if he will publish his Department's submissions relating to freedom of information legislation. [6033]

Mr. Tom Clarke *[holding answer 2 July 1997]:* I refer the hon. Member to the answer given by my right hon. Friend the Prime Minister on 4 July 1997, *Official Report*, columns *293-94*.

English Heritage Grants

Mr. Gordon Marsden: To ask the Secretary of State for National Heritage what plans he has to discuss with English Heritage ways in which greater regional input can be achieved in respect of its grant-making procedures. [6575]

Mr. Banks: None at present. Though English Heritage's Conservation staff are based in London, they are organised in regional teams, spend much time in those regions, and liaise closely with local authorities and Government Offices for the Regions.

Dance and Drama Students

Mr. Luff: To ask the Secretary of State for National Heritage what assessment he has made of the response by local authorities to the new arrangements for the funding of dance and drama students; and if he will make a statement. [6927]

Mr. Fisher: On 6 March the Arts Council of England announced the terms of its interim scheme for assisting the funding of professional training for dance and drama students. The scheme is administered by the Arts Council which is monitoring the level of response by local authorities to the new arrangements. As at 2 July the Council had received responses from 44 local education authorities, of which 30 had confirmed that they intended

to participate in the scheme or had agreed to provide awards, and a further four were still considering their position.

Royal Parks

Dr. Tonge: To ask the Secretary of State for National Heritage what proposals he has for additional public funding for the Royal Parks. [5888]

Mr. Tom Clarke: My Department is reviewing all its expenditure within the overall spending plans set by the previous Government for 1997–98 and 1998–99. Spending on the Royal Parks will be considered alongside the Department's other responsibilities.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for National Heritage if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7134]

Mr. Tom Clarke: The Department of National Heritage is currently auditing all computer systems that it uses for Year 2000 compliance. This audit should be complete by the autumn and it is intended to complete any remedial work by the summer of 1998. The project is being managed by the Department's Information Systems Branch with one member of staff co-ordinating the work which is being carried out by Sema Group, the Department's outsourced service provider. The Department is making use of the recent guidance from CCTA "Tackling the Year 2000". The cost of resolving the problem will be known by the autumn. The project is currently on schedule.

INTERNATIONAL DEVELOPMENT

Debt

Mr. Dawson: To ask the Secretary of State for International Development if she will take steps to cancel the debt of poor countries. [7233]

Clare Short: The Government is pushing for full and rapid implementation of the Heavily Indebted Poor Countries (HIPC) initiative. We believe that debt relief should accompany a wider commitment by debtors to create the conditions necessary for sustainable economic growth and lasting poverty reduction. The Government has already forgiven over £1.2 billion of old loans to many of the poorest countries. We will be prepared to consider cancelling aid loans to other low-income countries where necessary, on a case-by-case basis.

United Nations Industrial Development Organisation

Mr. Rowlands: To ask the Secretary of State for International Development what assessment her Department has made of the role of the UN Industrial Development Organisation. [7188]

Clare Short: During the last four years UNIDO has undertaken a comprehensive and impressive reform programme. Fundamental change has been made, substantial staff reductions achieved and new management procedures introduced. I greatly welcome these changes and it is because of these changes that I announced on 3 July our decision to remain a member of UNIDO.

Mr. Rowlands: To ask the Secretary of State for International Development what are her future plans in respect of support for the United Nations Industrial Development Organisation. [7189]

Clare Short: We will continue to support the process of narrowing and refocusing UNIDO'S activities into high priority areas which meet the changing needs of developing countries.

TREASURY

Unemployment

Ms Walley: To ask the Chancellor of the Exchequer how many persons aged under 25 years in the constituency of Stoke-on-Trent, North and nationally *(a)* are registered unemployed and *(b)* have never been employed. [6863]

Mrs. Liddell: The information requested falls within the responsibility of the Chief Executive of the Office for National Statistics. I have asked him to arrange for a reply to be given.

Letter from Tim Holt to Ms Joan Walley, dated 8 July 1997:

The Chancellor of the Exchequer has asked me to reply as Director of the Office for National Statistics to your recent question on how many persons under 25 are (a) registered unemployed and (b) have never been employed nationally and in the parliamentary constituency of Stoke-on-Trent North.

The measure of unemployment, derived from the quarterly Labour Force Survey (LFS), is defined on a consistent and internationally recognised basis set out by the International Labour Organisation (ILO) and counts as unemployed people who are: a) without a paid job; b) available to start work within the next two weeks and c) have either looked for work in the last four weeks or are waiting to start a job already obtained. However, largely because it is a sample survey, information is not available from the LFS in as much geographical detail as from the claimant count measure described below.

ONS also publishes the monthly claimant count, which is based on the administrative system and includes all people claiming unemployment-related benefits (i.e. Jobseekers Allowance, Income Support or National Insurance credits) at Employment Service offices on the day of the monthly count, who on that day had signed on as unemployed and available to do any suitable work. Essentially, all people who attend an Employment Service office to sign are counted, irrespective of whether they are actually receiving benefit.

Data for the number of registered unemployed can only be derived from the claimant count. However, the claimant count does not have information on the numbers of people who have never been employed.

The data you have requested for Stoke-on-Trent North can only be derived from the claimant count, as the LFS does not give details down to constituency level.

The winter 1996/7 LFS shows that there were 1,592,000 people aged 16–24 who have never been employed (other than in casual or holiday jobs) in the United Kingdom. To put this information into context the attached table shows the total breakdown by educational and economic status. For example, you can see that, from the total of 1,592,000 nearly 83 per cent (1,322,000) were economically inactive, that is they had not looked for work in the past four weeks

or were neither available to start work in the next two weeks nor waiting to start a job they had already obtained. 1,186,000 of the total were full-time school, college or university students.

The claimant count in April 1997 showed that there were 575 claimants under 25 in the Stoke-on-Trent North parliamentary constituency. This compared to a figure of 440,028 claimants under 25 in the United Kingdom in April 1997.

People aged 16–24 in the United Kingdom who have not had a paid job, winter 1996–97, not seasonally adjusted

Thousands

	All	*Full-time student*	*Not full-time student*
All	1,592	1,186	406
of which:			
ILO unemployed	270	93	177
Economically inactive	1,322	1,093	230

Source:
ONS, LFS.

Drugs

Mr. Leigh: To ask the Chancellor of the Exchequer if he will list by department the total amount allocated to tackling problems relating to drugs for the five most recent years for which figures are available. [4798]

Mr. Darling: The Treasury does not yet hold this data centrally and information on total Government and individual departments' expenditure on tackling drug misuse is not recorded on an annual basis. The Government recognises the importance of greater clarity of information relating to drugs related issues and will therefore be appointing a "drug czar" to co-ordinate action against drugs. The drug czar will be working to the President of the Council as Chair of the Cabinet's co-ordinating committee on drug misuse. One of his or her first tasks will be to review urgently the existing drugs strategy, and put forward proposals for tackling the problem with renewed vigour. This review will include evaluating current Government expenditure.

The most recently available estimates we currently hold were published in the White Paper "Tackling Drugs Together" in May 1995. They show that at least £526 million of expenditure in 1993–94 could be directly attributable to drug programmes and activities across the UK.

Bereavement Allowance

Mr. Garnier: To ask the Chancellor of the Exchequer what is his Department's policy on equalising the treatment of sexes in respect of the bereavement allowance; and if he will make a statement. [6320]

Dawn Primarolo *[holding answer 1 July 1997]:* There are no plans to extend the widows bereavement allowance to widowers.

Insurance Premium Tax

Mr. Fearn: To ask the Chancellor of the Exchequer if he will review the rates of insurance premium tax charged on travel insurance sold by *(a)* travel agents and *(b)* other outlets. [7184]

Dawn Primarolo: As is usual with new tax measures, the impact of the higher rate of insurance premium tax of 17.5 per cent., which from 1 April 1997 has been applied to certain specified insurance sales, including travel insurance sold by travel agents and tour operators, will be kept under review.

Hotels (VAT)

Mr. Fearn: To ask the Chancellor of the Exchequer if he will establish a review of the imposition of VAT charged on tourist rates for hotel accommodation. [7257]

Dawn Primarolo: VAT is payable under EC legislation on hotel accommodation, and this is accurately reflected in United Kingdom law.

Double Taxation

Mr. Wilkinson: To ask the Chancellor of the Exchequer if he will estimate the annual loss of revenue to the British Exchequer from the requirement under the UK/Danish Double Taxation Convention and Protocol that retired Danish citizens permanently resident in the United Kingdom pay only Danish tax upon their Danish pensions. [6449]

Dawn Primarolo *[holding answer 8 July 1997]:* The Double Taxation Convention and Protocol permit Denmark to charge its normal tax regime on pensions paid to persons in the UK who formerly lived in Denmark. The UK will allow credit for that Danish tax when assessing the pension to UK tax. The cost to the UK exchequer will be negligible, because of the small number of pensioners who will be affected.

Mr. Wilkinson: To ask the Chancellor of the Exchequer what representations he has received from the Commission of the European Union that double taxation conventions between member states be harmonised. [6447]

Dawn Primarolo *[holding answer 8 July 1997]:* I have received no such representations.

Mr. Wilkinson: To ask the Chancellor of the Exchequer if he will make a statement on the harmonising of double taxation conventions between the United Kingdom and other EU nations. [6448]

Dawn Primarolo *[holding answer 8 July 1997]:* Bilateral double taxation agreements are a matter for the member states concerned. There is no process of harmonisation of double taxation conventions between the United Kingdom and other EU nations under way, nor is there a need for any such harmonisation.

Public Expenditure

Sir Teddy Taylor: To ask the Chancellor of the Exchequer what is the total amount of public expenditure per head of population in each of the constituent nations of the United Kingdom in the most recent year for which figures are available. [6655]

Mr. Darling *[holding answer 8 July 1997]:* The latest breakdown of expenditure per head of population for countries of the UK was published in table 7.1 of the *Public Expenditure Statistical Analyses 1997–98*, Cm 3601.

Budget Leaks

Mr. Cash: To ask the Chancellor of the Exchequer if he will list the Ministers who *(a)* gave interviews to *(b)* made statements to and *(c)* answered questions from journalists or representatives of the *Financial Times* in the period of 48 hours before the Budget Statement. [7265]

Mr. Gordon Brown *[holding answer 8 July 1997]:* No Treasury Minister gave interviews to, made statements to or answered questions from journalists or representatives of the *Financial Times* in the 48 hours before the Budget Statement.

Windfall Tax

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer how many Inland Revenue staff will be required to administer and collect the windfall tax. [7387]

Dawn Primarolo *[holding answer 8 July 1997]:* The additional staffing requirement will be negligible.

Private Finance Initiative

Mr. Timms: To ask the Chancellor of the Exchequer if he will place in the Library the latest list of major signed PFI/Public Private Partnerships deals; and if he will update that list at regular intervals. [7903]

Mr. Geoffrey Robinson: I will arrange for the list to be placed in the Library, and for it to be updated every six months.

Personal Pensions (Misselling)

Mr. Timms: To ask the Chancellor of the Exchequer what progress has been made towards providing redress for the victims of misselling of personal pensions. [7904]

Mrs. Liddell: In my earlier reply to my hon. Friend the Member for East Ham (Mr. Timms) on 24 June, *Official Report*, columns *454–55* I undertook to publish information each month about the cases handled by the 24 firms which have most cases to review. These are the firms for which the regulators (the Securities and Investments Board and the Personal Investment Authority) have published targets for completion of case reviews. Below is a table containing the information provided to me by these firms about progress with their casework to end June.

The figures in the table, which are those submitted by the 24 firms themselves, provide a benchmark from which future progress can be measured.

The volume of cases cleared is extremely disappointing. All the firms in the table have a great deal more work to do. Some appear hardly to have begun.

It is now imperative that all firms—not just these 24—which have sold personal pensions should make serious efforts to improve their performance in completing their caseloads. This is not only in the interests of their customers but also of their own reputations with the general public. The regulators will continue to monitor the firms' performance against the targets they have been set.

I will decide once I have seen some further figures to measure progress what further action may be called for.

	A	*B*	*C*	*D*	*E*	*F*
Hogg Robinson	602	50	8	2	1	0
Colonial	6,754	152	663	503	32	0
Gan	8,358	43	133	79	63	1
Sedgwick	6,731	359	436	262	64	1
Abbey Life	15,993	950	1,116	238	169	1
Allied Dunbar	16,422	1,177	761	281	182	1
Lincoln National	12,301	830	541	203	148	1
Windsor Life	7,830	0	164	157	131	2
London & Manchester	6,944	64	493	399	117	2
Cooperative Insurance	41,762	1,025	7,195	1,280	825	2
Equitable Life	10,761	4,097	3,788	437	307	3
Britannic	12,360	0	1,355	728	443	4
Sun Life of Canada	25,682	1,628	1,279	1,161	1,002	4
NatWest	13,192	2,657	1,801	1,059	573	4
United Assurance	12,648	382	1,524	783	585	5
Pearl	39,548	897	4,486	3,040	2,076	5
Prudential	58,606	35	13,829	12,861	3,128	5
Royal London	9,357	138	1,280	748	532	6
Legal & General	33,282	12,147	3,442	2,590	2,046	6
Norwich Union	6,772	1,824	1,009	548	428	6
Lloyds/TSB	46,562	4,662	6,836	5,166	3,310	7
Royal & Sun Alliance	14,995	927	1,933	1,605	1,213	8
Guardian	8,255	264	1,511	1,175	855	10
Barclays Life	16,700	5,134	4,413	3,121	2,315	14

A = Cases identified as requiring review. B = Of A, cases where investor was informed that information gained during assessment excluded cases for review.
C = Number of assessments completed.
D = Cases where redress has been offered.
E = Cases where redress has been accepted. This is a subset of assessments completed.
F = Cases where redress has been accepted as a percentage of cases identified for review.
Some further cases will have been completed without redress being due.

LORD CHANCELLOR'S DEPARTMENT

Small Claims Procedure

Mr. Gordon Marsden: To ask the Parliamentary Secretary, Lord Chancellor's Department if he will review the operation of the small claims procedure in respect of the requirement for cases to be heard in the place of residence of the person against whom a claim is being pursued. [6579]

Mr. Hoon: There is, in fact, no such requirement. In the county courts, liquidated claims are transferred to the defendant's home court on receipt of a defence. However, the plaintiff may apply for the claim to be returned to a court more convenient to him or her. The Lord Chancellor's Department is undertaking consultation on judicial case management, of which choice of venue is one element. Comments are sought by 26 September 1997.

EDUCATION AND EMPLOYMENT

Benefits

Mr. Chaytor: To ask the Secretary of State for Education and Employment what assessment he has made of the costs and benefits of extending the relaxation of the 16 hour rule to all adults unemployed for *(a)* more than six months, *(b)* more than 12 months and *(c)* more than 18 months. [7111]

Mr. Alan Howarth: No such assessment has been made. The New Deal announced by my right hon. Friend the Secretary of State on 3 July will provide a range of quality options for unemployed people to help them make the transition back into work, with a strong emphasis on the importance of education and training.

The New Deal for people aged 25 and over, who have been unemployed for two years or more will include opportunities for full-time study while receiving JSA.

In addition, and subject to Parliamentary approval, we will be expanding Workskill Pilots to four more areas of Britain so that those unemployed for six months or more will be able to take up education or training and remain on Jobseeker's Allowance. The pilots will provide us with valuable information on the extent to which allowing people to study on benefit affects their chances of gaining and remaining in employment.

Primary Teaching

Mrs. Curtis-Thomas: To ask the Secretary of State for Education and Employment what steps he is taking to ensure that primary school teachers are fully able to teach technology to five to eight-year-olds; and if he will make a statement. [7055]

Ms Estelle Morris: The Government has announced that proceeds from the National Lottery will be made available to support in-service training for teachers in information technology. On 26 June I announced new requirements for initial teacher training, which will require all newly qualified teachers to demonstrate a knowledge and understanding of information technology, and asked the Teacher Training Agency to develop a curriculum for information technology in initial teacher training.

Deal Primary School

Mr. Prosser: To ask the Secretary of State for Education and Employment if he has been able to determine the public notice issued by the Governors of the Deal Parochial CE Voluntary Aided Primary School (Kent) on 20 June 1996 to reduce the standard number from 40 to 27. [7262]

Ms Estelle Morris: The application is still under consideration, but a decision is expected shortly.

Class Sizes

Mr. Coaker: To ask the Secretary of State for Education and Employment if he will list by local education authority the *(a)* numbers and *(b)* percentages of pupils according to the January 1997 Form 7 for (i) key stage 1 and (ii) key stage 2 in classes of (1) 31 or more, (2) 35 or more and (3) 40 or more; and if he will list the corresponding figures for 1996. [6559]

Mr. Byers. The available information is shown in a table, a copy of which has been placed in the Library of the House.

Pupil Exclusions

Mr. Burstow: To ask the Secretary of State for Education and Employment how many children throughout England and Wales with severe learning disabilities have been excluded from schools on *(a)* a temporary and *(b)* a permanent basis (i) at present and (ii) in the last 12 months. [6621]

Ms Estelle Morris: In 1994–95 some 1,800 pupils with statements of special educational need were permanently excluded from schools in England. Details of exclusions in 1995–96 are currently being collated and will be available later in the year. Information of fixed period exclusions is not collected centrally.

Data on exclusions from schools in Wales are matters for my right hon. Friend the Secretary of State for Wales.

FOREIGN AND COMMONWEALTH AFFAIRS

Departmental Advisers

Mr. Alan Simpson: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will list each person advising or assisting his Department who has *(a)* membership of and *(b)* involvement in (i) the European Round Table of industrialists, (ii) the European Centre for Infrastructure Studies, (iii) the Competitiveness Advisory Group, (iv) Transatlantic Business Dialogue, (v) the Association for the Monetary Union of Europe, (vi) Union of Industrial and Employers Confederations of Europe, (vii) Europa Bio and (viii) the World Business Council for Sustainable Development. [5310]

Mr. Doug Henderson: Membership of the European Round Table of Industrialists, the Competitiveness Advisory Group and the Transatlantic Business Dialogue is on a personal basis. No advisers to this Department have reported membership of these bodies.

Membership of the European Centre for Infrastructure Studies, the Association for the Monetary Union of Europe, the Union of Industrial and Employers' Confederations of Europe, Europa Bio and the World Business Council for Sustainable Development is on a corporate basis. Representatives from companies and organisations involved with these groups may advise Departments from time to time.

Bermuda

Mr. Martyn Jones: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement of British relations with Bermuda. [6937]

Mr. Tony Lloyd: Britain has an excellent relationship with Bermuda—its oldest and now its most populous Dependent Territory. Although Bermuda is self-governing, Britain has retained responsibility for its external affairs and security. Independence, which was rejected in a referendum held in 1995, remains a matter for the Bermudian people to decide.

Plutonium

Mr. Matthew Taylor: To ask the Secretary of State for Foreign and Commonwealth Affairs what response the Government have made to the international plutonium disposition initiatives undertaken by President Clinton's administration; and if he will make a statement. [7317]

Mr. Tony Lloyd: International expert discussions on the disposal of surplus US and Russian military plutonium have concluded that the two most promising options are the conversion of plutonium into MOX (mixed oxide of both plutonium and uranium) fuel and its subsequent consumption in nuclear power reactors, and the immobilisation of plutonium through vitrification. The UK was involved in these discussions and supports these conclusions. Future discussions are likely to focus on the most effective means of implementing these disposal options in the US and Russia. The UK will continue to participate fully in international consideration of this issue.

EU Social Agreement

Mr. Mitchell: To ask the Secretary of State for Foreign and Commonwealth Affairs which words *(a)* are in the Social Agreement attached to Protocol 14 of the treaty on Economic Union signed at Maastricht and have not been transposed into the social chapter of the draft Treaty of Amsterdam and *(b)* have been added to draft articles in that draft treaty and do not appear in the current Social Agreement; and what are the reasons for the changes specified in *(a)* and *(b)* above. [7378]

Mr. Doug Henderson: A copy of the draft Treaty of Amsterdam has been placed in the libraries of the House. The Social provisions, which incorporate the Social Agreement, are on pages 59–66 (Articles 117–120). The changes that have been made to the Social Agreement text are intended to: incorporate elements of the existing Articles 117–120 TEC; replace co-operation with co-decision as the mechanism for consulting the European Parliament when legislation is adopted by QMV; allow the adoption by QMV of measures to encourage co-operation between Member States on combatting social exclusion; slightly broaden the provisions on the equality of men and women.

Russia

Ann Clwyd: To ask the Secretary of State for Foreign and Commonwealth Affairs what are the outstanding issues delaying the setting up of a permanent joint council between NATO and Russia; and when the inaugural meeting will take place. [7258]

Mr. Tony Lloyd: The NATO/Russia Founding Act which was signed on 27 May provided for the establishment of a NATO/Russia Joint Permanent Council as a forum for members of the Alliance and Russia to discuss matters of European security. The Act provides for the Council to meet within four months of signature. We expect the inaugural meeting to take place before the end of September.

NATO

Ann Clwyd: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the consequence for the excluded European countries of US and British decisions to support a limited enlargement of NATO. [7259]

Mr. Tony Lloyd: Decisions on the membership of NATO are taken collectively by The Alliance. NATO's door will remain open to the applicant countries not invited to begin accession negotiations in Madrid. We are determined that NATO enlargement will not mean a reduction in security for others or the creation of new dividing lines in Europe.

NATO's 27 Partner countries will also benefit from the new opportunities for cooperation provided by the Euro-Atlantic Partnership Council and the enhanced Partnership for Peace Programme. These encourage Partner countries to draw closer to the Alliance.

Arms Exports

Mr. Brady: To ask the Secretary of State for Foreign and Commonwealth Affairs what progress he has made with his review of the mechanics and detailed criteria used in the issuing of licences for exports of conventional arms; and when he expects to reach conclusions on individual countries. [7240]

Mr. Tony Lloyd: The review of detailed criteria used in considering licence applications to export conventional arms, which was announced by my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs on 22 May, *Official Report, column* 135, is being taken forward as a matter of urgency. The new criteria will be made available to the House when the review is complete. The aim of the review is not to focus on individual countries but to draw up criteria applicable to all destinations.

DUCHY OF LANCASTER

Computers (Century Date Change)

Mr. David Atkinson: To ask the Chancellor of the Duchy of Lancaster if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7139]

Mr. Kilfoyle: Whilst the Year 2000 Computer problem effect on computer systems generally may be significant, within the Cabinet Office and its Agencies, it is likely to be minimal. It has therefore not been necessary to establish a project team to deal with the issue.

TRADE AND INDUSTRY

Regional Aid

Mr. Hinchliffe: To ask the President of the Board of Trade what steps she has taken to review the existing criteria in determining eligibility for European Union regional aid; and if he will make a statement. [5376]

Mrs. Roche *[holding answer 26 June 1997]:* The regulations setting out the criteria for eligibility for the European Structural and Cohesion Funds are due to be re-examined before the end of 1999 by the Council of Ministers, acting on proposals from the Commission. The Commission are likely to give an initial indication of their ideas for the future of the Funds in a communication in July, with detailed proposals for amending the regulations

coming at a later date. The Government is looking for a package which is affordable, simple and more efficient, and fair.

Minister for Trade and Competitiveness in Europe

Mr. Letwin: To ask the President of the Board of Trade in which departments the Minister for Trade and Competitiveness in Europe has private offices; how many officials are employed in those private offices; and if she will list his special advisers. [5998]

Mrs. Beckett *[holding answer 30 June 1997]:* The Minister for Trade and Competitiveness in Europe, Lord Simon, has one private office which serves him in both the DTI and in the Treasury. The private office consists of a Private Secretary, and Assistant Private Secretary, a Diary Secretary, a Correspondence Manager and a Personal Secretary. Lord Simon has office facilities in both departments. He has no political advisers.

Strategic Defence Review

Mr. Wilkinson: To ask the President of the Board of Trade what part her Department will play in the Strategic Defence Review, with particular reference to representing the interests of manufacturing industry. [5630]

Mr. Battle *[holding answer 1 July 1997]:* Several departments and other interested bodies will be involved in the Government's Strategic Defence Review. My Department will participate fully in aspects where the competitiveness of UK industry, and its contribution to the wider economy, are being considered.

Nuclear Power

Mr. Matthew Taylor: To ask the President of the Board of Trade if she will take steps to ensure that Euratom does nto impede the work of the IAEA in carrying out its verification inspections. [6402]

Mrs. Roche: My Department will continue to work closely with the IAEA and Euratom in order that nuclear safeguards inspections are undertaken in an effective and cost efficient manner which enables each inspectorate to draw its own independent conclusions.

Mr. Taylor: To ask the President of the Board of Trade what is the minimum quantity of fissile material that would be required for a criticality in an underground nuclear waste repository. [6403]

Mr. Battle: The minimum quantity of fissile material required for criticality in an underground nuclear repository would be the same as that in any other nuclear facility. This quantity is dependent on a number of factors including the geometry of the fissile material, the presence of moderating materials which reduce the velocity of neutrons, the presence of reflecting materials retaining neutrons within the system, and the presence of materials such as uranium-238, iron, and calcium, which absorb neutrons.

Limits and conditions of authorisation for any repository being developed in the UK would be based on "Guidance on Requirements for Authorisation" which has been issued by the Environment Agencies. This states that a developer would "need to demonstrate that the possibility of a local accumulation of fissile material such as to produce a neutron chain reaction is not a significant concern." This would be achieved by e.g. the establishment of fissile material limits on waste packages, constraints on packaging, provision of backfill and the maintenance of a high pH to suppress the solubility of plutonium.

Car Boot Sales

Mr. Kidney: To ask the President of the Board of Trade what representations she has received in support of the licensing of car boot sales. [6444]

Mr. Nigel Griffiths: My Department has received one representation about car boot sales since the election. ITSA and LACOTS have also made me aware of concerns about certain practices. I am of course willing to consider any further representations that are made. Car boot sales can raise a number of different issues, some of which would come within the responsibility of other Government Departments.

Climate Change

Mr. Corbyn: To ask the President of the Board of Trade what reports she has received from the British Antarctic Survey on the rate of temperature rises and the effect on ice melting. [6345]

Mr. Battle *[holding answer 3 July 1997]:* All of the climatically sensitive ice shelves on the Antarctic Peninsula have suffered major disintegration, which is significant and unique within recorded history and results from the fact that summer temperatures now regularly exceed 0°C. Given a continued warming, the ice shelves are predicted to disintegrate further in the coming decades.

The British Antarctic Survey has continuous records which begin in the 1940s and show a warming of 0.5°C per decade in the Antarctic Peninsula. This is interpreted to be a regional effect, and has not been observed to the same extent elsewhere in Antarctica. It will be some time before it can be established whether these observed trends are part of a wider manifestation of global warming.

European Patent System

Mrs. Curtis-Thomas: To ask the President of the Board of Trade what proposals she has to consult industrialists over the proposals contained in the EU green paper on a European patent system based on a single patent application; and if she will make a statement. [7048]

Mr. Battle: The European Commission's Green Paper is in the form of a questionnaire seeking views from European industry, including that of the United Kingdom, on a wide range of issues concerning the development of the patent system in Europe. We are taking steps to ensure that UK industry is aware of the Commission's initiative so that it can make its views known to the Commission and at the same time advise the Department of its position. The Green Paper will be discussed by the Standing Advisory Committee on Industrial Property which was established so that not only industrialists, representing large to small industries, but also consumer representatives and legal and professional bodies can advise the Government on all aspects of industrial property policy.

Newspaper Publishing

Mr. Livingstone: To ask the President of the Board of Trade what assessment she has made of a recent report, a copy of which has been sent to her, in respect of the imposition of margins by newspaper publishers and the reduction in the amount of space available for minority titles; and if she will make a statement. [6945]

Mr. Nigel Griffiths: My right hon. Friend the President of the Board of Trade has recently received copies of reports from the Committee for Diversity and Pluralism and the National Federation of Retail Newsagents. All those with concerns about the distribution of magazines and newspapers must make them known to the Director General of Fair Trading. It is for the Director General to consider whether action under the competition legislation is appropriate.

Bank of Credit and Commerce International

Mr. Vaz: To ask the President of the Board of Trade how many set off cases she has approved in the liquidation of BCCI; what is the total amount outstanding in respect of such cases; and what representations she has received on this subject. [7051]

Mr. Nigel Griffiths: The application of the rules as regards mutual credits and set off, set out in Rule 4.90 of The Insolvency Rules 1986 is mandatory in any liquidation and is not subject to any form of official approval. Once an account has been taken of what is due to and from the liquidating company as a result of mutual dealings the process of set off is automatic.

Solar Energy

Mr. Matthew Taylor: To ask the President of the Board of Trade what plans the Government have to support the solar energy industry in the United Kingdom. [7345]

Mr. Battle: I refer the hon. Member to the answer given to my hon. Friend the Member for Stoke on Trent, North (Ms Walley) on 10 June 1997, *Official Report*, column *417*.

Public Records

Mr. Baker: To ask the President of the Board of Trade what is the date and title of the oldest document or archival unit retained by her Department which has not been passed on to the Public Record Office for release for public inspection. [7207]

Mr. Nigel Griffiths *[holding answer 8 July 1997]:* The earliest known file, selected for the Public Record Office, but still retained in the Department under the provisions of the Public Records Act 1958 for the retention of records on grounds of continuing sensitivity, is dated 1952, title: Atomic Energy Board: minutes and papers.

The general arrangements for retaining public records are set out in Chapter 9 of the White Paper Open Government of July 1993 (Cm 2290).

Post Office

Mr. Colvin: To ask the President of the Board of Trade when the Government intends to publish its plans for the future of the Post Office; and if she will make a statement. [7651]

Mr. Ian McCartney: It is too early yet to say when the review of the Post Office will be completed or when we will be in a position to announce our future plans.

EU Internal Market Council

Mr. Mike Hall: To ask the President of the Board of Trade what decisions were taken at the EU Ministerial Council on the Internal Market on 21 May; and what matters were voted upon. [7983]

Mrs. Beckett: My right hon. Friend the Minister for Trade and Competitiveness in Europe represented the UK at the Internal Market Council in Brussels on 21 May.

The Council reached political agreement by qualified majority voting on proposals on the free movement of lawyers and in vitro diagnostic medical devices. A Common Position was agreed by qualified majority on a proposal on foodstuffs treated with ionising radiation.

The Council discussed the Single Market Action Plan, Legislative Simplification, Reform of Customs Transit Regime, European Company Statute, Electronic Commerce, the Green Paper on Public Procurement and, in Any Other Business, attacks on Spanish produce in France, anti-dumping duties on cotton fabric and medical device safety.

EU Telecommunications Council

Mr. Heppell: To ask the President of the Board of Trade if she will make a statement on the outcome of the EC Telecommunications Council on 27 June. [7982]

Mrs. Roche: I represented the UK at the Telecommunications Council held in Luxembourg on 27 June.

The Council agreed a resolution on the further development of a policy for numbering in the European Community. Following European Commission presentations, the Council adopted conclusions on three Commission communications: on the further development of mobile and wireless communications in Europe (universal mobile telecommunications systems); a Commission action plan for satellite communications; and on implementation by Member States of Community legislation in the telecommunications sector. There were also lunchtime presentations by the Commission on its communication on the World Radiocommunications Conference 1997, and on its interim report on Member States' initiatives concerning illegal and harmful content on the internet.

Trade Associations

Mr. Page: To ask the President of the Board of Trade when she intends to allocate ministerial responsibility for trade associations. [2870]

Mrs. Beckett: The Minister for science, energy and industry, John Battle MP, is responsible for policy towards trade associations.

DEFENCE

Defence Postal and Courier Services

Mr. Bob Russell: To ask the Secretary of State for Defence (1) if the Defence Review will cover the Defence Postal and Courier Services of the Royal Logistic Corps; how many commissioned ranks there are in the Defence Postal and Courier Services; what is the number in each rank; and what are the corresponding figures for an average line regiment; [6768]

(2) how many disciplinary cases within the Defence Postal and Courier Services have been initiated by military line management against civilian Defence couriers in each of the past 10 years; [6769]

(3) for what reason civilian staff in the Defence Postal and Courier Services have been replaced by serving military personnel; and how many posts which fell vacant in the past two years were filled by serving military personnel instead of civilian (service retired) personnel. [6767]

Mr. Spellar: This is a matter for the Chief Executive of the Defence Postal and Courier Services. I have asked the Chief Executive to write to the hon. Member.

Letter from T. McG Brown to Mr. Bob Russell, dated 9 July 1997:

I have been asked to reply to your three Parliamentary Questions to the Secretary of State for Defence regarding staffing and other matters related to the Defence Postal and Courier Service. As Chief Executive of the Defence Postal and Courier Services Agency (DPCSA) I am responsible for the management within my Agency and I am therefore providing the details you have requested.

Taking each question in turn:

1. "For what reason civilian staff in the Defence Postal and Courier Service have been replaced by serving military personnel; and how many posts which fell vacant in the past two years were filled by serving military personnel instead of civilian (service retired) personnel?"

Overall, no civilian posts falling vacant in the last two years have been filled with military personnel. It is in fact the case that a number of military posts have been filled by civilians.

2. "How many disciplinary cases within the Defence Postal and Courier Service have been initiated by military line management against civilian Defence Couriers in each of the past 10 years?"

The management of the Defence Courier Service, which is a part of DPCSA, rests with military personnel. As all disciplinary cases are initiated by line management all cases against civilian Defence Couriers have therefore been initiated by military personnel. There have been 25 cases initiated in the past 10 years. The breakdown by year, from available records, is as follows:

1987: 2

1990: 1

1991: 3

1995: 9

1996: 5

1997: 5

Records are readily available only for those presently employed or who have recently left.

3. "Will the Defence Review cover the Defence Postal and Courier Service of the Royal Logistic Corps; how many commissioned ranks there are in the Defence Postal and Courier Service; what is the number of each rank; and what are the corresponding figures for an average line regiment?"

The Review will be wide ranging and all aspects of defence will be considered in this process. In addition to issues of policy and strategy, the Review will look at how we should get the best possible output from defence resources and the contribution of our defence effort to the wider economy. As part of the MOD, the Defence Postal and Courier Service will no doubt be included in this review.

The number of commissioned ranks within the DPCSA, an average Infantry Line Regiment (which is not easy to define) and a typical RLC regiment is as follows:

	DPCSA	*Average ILR*	*General service regiment RLC*
Brigadier	1	0	0
Colonel	2	0	0
Lt. Colonel	5	1	1
Major	9	9	8
Captain	7	11	21
Lieutenant/2nd Lt.	0	14	10
	24	35	40

I hope this information is helpful.

Defence Industry

Mr. Rapson: To ask the Secretary of State for Defence what proposals the Government have to improve co-operation with the United Kingdom defence industry. [6463]

Mr. Spellar: I refer the hon. Member to the answer I gave on 16 June to the hon. Member for Barrow and Furness (Mr. Hutton) (*Official Report*, column *78*).

Challenger Tanks

Mr. Key: To ask the Secretary of State for Defence how many Challenger 2 tanks have been *(a)* ordered from the manufacturer, *(b)* delivered and *(c)* accepted for service. [6667]

Mr. Spellar: Three hundred and eighty-six Challenger 2 Main Battle Tanks have been ordered from Vickers plc. To date 36 have been delivered and these have been accepted for service.

Low Flying

Mrs. Ray Michie: To ask the Secretary of State for Defence if he will review the number of low-flying sorties over Scotland. [6984]

Mr. Spellar: As reported to the House on 20 March (*Official Report*, column *860*), Scotland has received less military low flying than most other parts of the United Kingdom. The geographic distribution of this activity is reviewed annually.

Mrs. Michie: To ask the Secretary of State for Defence how many operational low-flying sorties were authorised in *(a)* the Highlands, *(b)* Argyll and Bute and *(c)* Scotland in each of the last 12 months. [6985]

Mr. Spellar: Operational low flying is only permitted in three specially designated Tactical Training Areas (TTAs) located in the Borders (which covers southern Scotland and part of northern England and is called Low Flying Area 20T), northern Scotland (called Low Flying Area 14T) and central Wales (Low Flying Area 7T). Argyll and Bute is not located within a TTA and does not see operational low flying. The numbers of operational

low flying movements, which equate to sorties in this context, authorised in each of the last 12 months are detailed below. Figures for the movements flown within the part of LFA 20T in Scotland are not recorded separately.

	Northern Scotland TTA (LFA 14T)	*Borders TTA (LFA 20T)*
1996		
July	15	84
August	6	0
September	54	3
October	130	2
November	44	1
December	47	1
1997		
January	0	0
February	23	88
March	32	61
April	150	83
May	96	36
June	7	16

Mrs. Michie: To ask the Secretary of State for Defence what measures he is taking to reduce the need for low-flying sorties through the use of flight simulators. [6986]

Mr. Spellar: Flight simulators are extensively used in training but at present they can only complement, not replace, actual experience of low flying. We do, however, continue to monitor closely all developments in simulator technology.

Eurofighter

Mr. Hancock: To ask the Secretary of State for Defence when he next expects to meet German Ministers to discuss the Eurofighter project. [6684]

Mr. Spellar: I can assure the hon. Member that very close and frequent contact at ministerial level has been and will be maintained with German Defence Ministers on Eurofighter. The Government is determined to secure a four nation commitment to move to the production phase of the Eurofighter programme as soon as possible.

Ghurka Soldiers

Mrs. Ballard: To ask the Secretary of State for Defence if he will review the pensions of Ghurka soldiers who have served in the British Army. [7348]

Dr. Reid: Pensions paid to ex-British Army Gurkhas are regularly reviewed. Each year both new and existing pensions are increased in line with the rate of inflation in Nepal. This review, which is currently being undertaken, is effective from April each year. In addition to this, and in accordance with our responsibilities under the Tri-Partite Agreement 1947 which links the pensions paid to ex-British Army Gurkhas to pensions paid in the Indian Army, pensions paid to our Gurkhas are reviewed in the light of any changes that the Indian Army may make to ensure that equity of treatment is maintained. The results of the latest 10 year review undertaken by the Indian Government are expected to be announced later this year.

SCOTLAND

NHS Trust Executives

Mr. Hood: To ask the Secretary of State for Scotland how many executive positions there are in each Scottish health trust; and what the salary is for each post. [2670]

Mr. Galbraith *[holding answer 11 June 1997]:* Information relating to current salary of Executive Directors at Board level is shown in the table below, starting with the Chief Executive. Full information is already given in many Trust Annual Reports.

Trust	*Number of Executive Directors*	*Salary of posts £ thousand*
Aberdeen Royal Hospitals NHS Trust	5	78; 76; 52; 52; 44
Angus NHS Trust	5	61; 90; 51; 43; 38
Argyll and Bute NHS Trust	5	52; 92; 42; 38; 38
Ayrshire and Arran Community Healthcare NHS Trust	5	61; 74; 53; 47; 43
Borders Community Health Services NHS Trust	4	59; 71; 46; 41
Borders General Hospital NHS Trust	5	62; 83; 49; 40; 38
Caithness and Sutherland NHS Trust	5	45; 62; 41; 35; 33
Central Scotland Healthcare NHS Trust	5	81; 67; 48; 46; 44
Dumfries and Galloway Acute and Maternity Hospitals NHS Trust	5	55; 84; 41; 40; 39
Dumfries and Galloway Community Health NHS Trust	5	55; 54; 44; 42; 40
Dundee Healthcare NHS Trust	5	75; 71; 56; 49; 44
Dundee Teaching Hospitals NHS Trust	5	85; 92; 54; 53; 52
East and Midlothian NHS Trust	5	61; 53; 46; 46; 18
Edinburgh Healthcare NHS Trust	5	72; 63; 57; 53; 49
Edinburgh Sick Children's NHS Trust	5	53; 81; 44; 26; 20
Falkirk and District Royal Infirmary NHS Trust	5	71; 89; 47; 46; 41
Fife Healthcare NHS Trust	5	66; 56; 46; 45; 39
Glasgow Dental Hospital and School NHS Trust	5	56; 42; 42; 37; 5
Glasgow Royal Infirmary University NHS Trust	5	83; 75; 61; 57; 51
Grampian Healthcare NHS Trust	5	90; 72; 66; 61; 56
Greater Glasgow Community and Mental Health Services NHS Trust	5	80; 87; 58; 53; 51
Hairmyres and Stonehouse Hospitals NHS Trust	5	66; 72; 49; 45; 45
Highland Communities NHS Trust	4	54; 40; 40; 36
Inverclyde Royal NHS Trust	5	62; 75; 52; 42; 42
Kirkcaldy Acute Hospitals NHS Trust	5	62; 87; 54; 45; 38
Lanarkshire Healthcare NHS Trust	5	71; 46; 46; 45; 43
Law Hospital NHS Trust	5	68; 78; 50; 48; 47
Lomond Healthcare NHS Trust	5	52; 76; 45; 38; 38
Monklands and Bellshill Hospitals NHS Trust	5	63; 54; 54; 45; 43
Moray Health Services NHS Trust	5	58; 80; 43; 42; 40
North Ayrshire and Arran NHS Trust	5	73; 83; 56; 47; 44
Perth and Kinross Healthcare NHS Trust	5	65; 86; 48; 44; 42
Queen Margaret Hospital NHS Trust	5	71; 79; 47; 46; 46
Raigmore Hospital NHS Trust	5	61; 66; 46; 40; 39
Renfrewshire Healthcare NHS Trust	5	74; 72; 54; 45; 43
Royal Alexandra Hospital NHS Trust	5	62; 60; 45; 41; 39

Trust	Number of Executive Directors	Salary of posts £ thousand
Royal Infirmary of Edinburgh NHS Trust	5	91; 69; 69; 67; 66
Scottish Ambulance Service NHS Trust	5	72; 63; 57; 57; 45
South Ayrshire Hospitals NHS Trust	5	66; 98; 62; 52; 48
Southern General Hospital NHS Trust	5	82; 83; 55; 55; 55
Stirling Royal Infirmary NHS Trust	5	64; 48; 46; 38; 17
Stobhill NHS Trust	5	71; 57; 54; 53; 44
Victoria Infirmary NHS Trust	5	62; 92; 46; 43; 40
West Glasgow Hospitals University NHS Trust	5	81; 66; 62; 54; 51
West Lothian NHS Trust	5	78; 85; 48; 47; 41
Western General Hospitals NHS Trust	5	75; 89; 50; 48; 42
The Yorkhill NHS Trust	5	76; 92; 55; 53; 41

Monktonhall Colliery Site

Mr. Eric Clarke: To ask the Secretary of State for Scotland if the Coal Authority will transfer the cleared Monktonhall Colliery Site to the ownership of Midlothian Council. [6774]

Mr. Wilson: This is a matter for the Coal Authority. Under Section 3(4) of the Coal Industry Act 1994, it is the duty of the Authority to secure the best terms reasonably available for disposal of the site if a buyer cannot be found to keep the mine operational.

Beaufort's Dyke

Mr. Russell Brown: To ask the Secretary of State for Scotland if he will initiate *(a)* a further detailed survey of Beaufort's Dyke and the surrounding area and *(b)* a public inquiry into the matters raised by the survey. [6643]

Mr. Dewar: The levels of radioactivity throughout the Irish Sea are routinely monitored by the Centre for Environment, Fisheries and Aquaculture Science an executive agency of the Ministry of Agriculture, Fisheries and Food. The most recent report, which is entitled "Radioactivity in Food and the Environment 1995", is available in the Library of the House of Commons. The monitoring undertaken since the early 1960s has not detected any measurable effect on radioactivity levels in the Beaufort's Dyke area, which remain well within internationally agreed safety levels. At the moment I see no need to initiate any additional surveys or a public inquiry.

Mr. Salmond: To ask the Secretary of State for Scotland if he will commission the Aberdeen Marine Research Laboratory to conduct an investigation into radiation levels in the Beaufort's Dyke area. [6830]

Mr. Dewar: The Centre for Environment, Fisheries and Aquaculture Science, an executive agency of the Ministry of Agriculture, Fisheries and Food, carried out comprehensive monitoring for levels of radioactivity throughout the Irish Sea. Such monitoring takes place on a regular basis and will continue. Involvement of the Marine Laboratory Aberdeen would therefore not be justified.

Highlands and Islands Convention

Mr. Wallace: To ask the Secretary of State for Scotland if he will list the current members of the Convention of the Highlands and Islands, together with their qualification for membership. [6826]

Mr. Dewar *[holding answer 4 July 1997]*: Membership comprises all MPs and MEPs whose constituencies lie wholly or partially within the area of operation of Highlands and Islands Enterprise together with nominees of the local authorities and public sector economic development agencies operating in the Highlands and Islands. A list of the current members of the Convention of the Highlands and Islands is set out below:

Convention of the Highlands and Islands: Membership

	Council/enterprise
Mrs. Winifred Ewing MEP	—
Hugh McMahon Esq. MEP	—
Mrs. Margaret Ewing MP	—
Charles Kennedy Esq. MP	—
Calum MacDonald Esq. MP	—
Robert Maclennan Esq. MP	—
Mrs. Ray Michie MP	—
David Stewart Esq. MP	—
Jim Wallace Esq. MP	—
Councillor John Wilson (Convener)	Argyll and Bute Council
Councillor Dick Walsh (Leader of Council)	Argyll and Bute Council
Councillor Peter Peacock (Convenor)	Highland Council
Councillor David R. Green (Vice Convener)	Highland Council
Councillor Gordon McDonald (Convener)	Moray Council
Councillor George Steven (Convener)	North Ayrshire Council
Councillor H. Halcro-Johnston (Convener)	Orkney Islands Council
Councillor J. Sinclair (Vice Convener)	Orkney Islands Council
Canon Lewis Shand Smith (Convener)	Shetland Islands Council
Councillor James L. B. Smith (Vice Convener)	Shetland Islands Council
Councillor Donald M. MacKay (Convener)	Western Isles Council
Councillor Angus M. Graham (Vice Convener)	Western Isles Council
Fraser Morrison Esq. (Chairman)	Highlands and Islands Enterprise
Hon. Michael Shaw (Chairman)	Argyll and the Islands Enterprise
Jack Watson Esq. (Chairman)	Caithness and Sutherland Enterprise
Norman Cordiner Esq. (Chairman)	Inverness and Nairn Enterprise
D. Stewart Maclean Esq. (Chairman)	Lochaber Limited
Air Vice-Marshal George A. Chesworth (Chairman)	Moray Badenoch and Strathspey Enterprise
Eric G. W. Green Esq. (Chairman)	Orkney Enterprise
Alan J. Whiteford Esq. (Chairman)	Ross and Cromarty Enterprise
Brian Anderson Esq. (Chairman)	Shetland Enterprise
Dr. Jim Hunter (Chairman)	Skye and Lochalsh Enterprise
Mrs. Agnes Rennie (Chairperson)	Western Isles Enterprise
Dr. J. Gordon Adams (Director of Planning and Development)	Scottish Tourist Board

Convention of the Highlands and Islands: Membership

	Council/enterprise
Alec Mitchell Esq. (Chairman)	Aberdeen and Grampian Tourist Board
Councillor William Petrie (Chairman)	Argyll, the Isles, Loch Lomond, Stirling and Trossachs Tourist Board
Jim Lees Esq. (Arran Trade Director)	Ayrshire and Arran Tourist Board
J. Nicol Manson Esq. (Chairman)	Highlands of Scotland Tourist Board
Mrs. Lynne Linklater (Chairman)	Orkney Tourist Board
Peter Tulloch Esq. (Chairman)	Shetland Islands Tourism
Ernest W. Hughson Esq. (Chairman)	Western Isles Tourist Board
J. A. MacAskill Esq. (Chairman)	Crofters Commission
Bill Ritchie Esq. (Member SNH Board, Chairman NW Regional Board)	Scottish Natural Heritage
Councillor Valerie MacIver (Chairman)	University of the Highlands and Islands Project

A80

Mr. Canavan: To ask the Secretary of State for Scotland if he will make a statement on the upgrading of the existing A80 as the preferred line of route for the M80; and when he expects work to commence. [7183]

Mr. Chisholm: Consideration of how the upgrading of the A80 might be taken forward will be included in the Strategic Review of the Trunk Road Programme, which I have announced. This will include the options available for alternative routes.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Leyton Relief Road

Mr. Chidgey: To ask the Secretary of State for the Environment, Transport and the Regions if it is his policy that the proposed Leyton Relief Road southern section will be funded by public money. [7349]

Ms Glenda Jackson: The southern junction of the Leyton Relief Road with Ruckholt Road (locally known as the southern section) will be funded by the landowners: London and Continental Railways.

Drivers (Alcohol Levels)

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions if he will consider introducing legislation reducing the permissible alcohol levels for drivers. [6623]

Ms Glenda Jackson: We are looking at a number of options for improving road safety. The legal limit for drinking and driving is one of the issues we shall be considering.

Heathrow Airport (Terminal 5)

Mr. Mackinlay: To ask the Secretary of State for the Environment, Transport and the Regions pursuant to his answer of 30 June, *Official Report*, column *57* (1) what assessment he has made of the consistency between that answer and the evidence given on 27 February by Mr. Tom Dockerty at the Terminal 5 inquiry on behalf of the Department of Transport regarding the M25 and its relationship with the proposed spur road and Terminal 5; [6617]

(2) what assessment he has made of the transcript of the evidence given by Mr. Tom Dockerty on behalf of the Department of Transport at the Terminal 5 inquiry on 27 February, including the replies to questions by the Inspector. [6618]

Ms Glenda Jackson: My right hon. Friend will assess the evidence in the light of the recommendations made by the Inspector when he submits his report on the Terminal 5 inquiry.

Zinc Air Batteries

Mr. Corbett: To ask the Secretary of State for the Environment, Transport and the Regions what recent evaluation has been made by his Department of the suitability of vehicles powered by zinc air batteries for commercial fleet usage. [7358]

Ms Glenda Jackson: The Department, in collaboration with other bodies, is evaluating in a three-year field trial, the role that vehicles powered by alternative fuels such as electricity might play in minimising transport emissions. The results will be available later this year.

In general terms, factors such as battery technology and infrastructure/recharging systems have meant that electric vehicles have not as yet gained customer acceptance due to higher price, inferior performance and range. It is encouraging that industry is responding to this through the development of systems and products such as zinc air batteries which appear to offer improvements in these areas.

Rivers Wye and Lugg

Mr. Keetch: To ask the Secretary of State for the Environment, Transport and the Regions what is the estimated cost to the Environment Agency of assuming navigation authority status on the Rivers Wye and Lugg; what has been the cost to date of their assessment of these proposals; and if he will make a statement. [6362]

Angela Eagle: The costs incurred to date by the Environment Agency and its predecessor body, the National Rivers Authority, in promoting an Order to become navigation authority on the Rivers Wye and Lugg are estimated at £400,000 since 1995 when the proposals were first put forward. The total cost of assessing these proposals will not be known until the public inquiry into the application for an Order has closed, but the inspector's fees to date are approximately £19,000. The additional costs of managing the navigation function are unlikely to be significant, but the Agency expects to appoint one additional full time member of staff who would have significant navigation responsibilities.

Mr. Keetch: To ask the Secretary of State for the Environment, Transport and the Regions on what statutory basis the Environment Agency is seeking to assume navigation authority status on the Rivers Wye and Lugg; and if he will make a statement. [6363]

Angela Eagle: The Environment Agency is seeking to become navigation authority on the Rivers Wye and Lugg by means of an Order under Section 3 of the Transport and Works Act 1992. A public inquiry into the Agency's application is currently taking place. The decision on the application will be a joint one by the Secretaries of State for the Environment, Transport and the Regions and for Wales.

Oil and Gas Exploration

Mr. Dafis: To ask the Secretary of State for the Environment, Transport and the Regions if he will transfer to the Environment Agency responsibility for the regulation and licensing of oil and gas exploration and extraction. [7097]

Angela Eagle: The statutory responsibility for the general regulation and licensing of oil and gas exploration and extraction lies with my right hon. Friend the President of the Board of Trade. The Government has no proposals for change.

Dry Stone Walls

Helen Jackson: To ask the Secretary of State for the Environment, Transport and the Regions (1) what consultations he has had with *(a)* the Peak District and *(b)* the North Yorkshire National Parks about the destruction of dry stone walls; [7100]

(2) what proposals he has to protect dry stone walls in areas of outstanding national beauty or conservation; and if he will make a statement. [7101]

Angela Eagle: Dry stone walls are an important landscape feature. The main threats to their conservation stem from damage and neglect. To help address this, the Government provides grant assistance for the restoration of dry stone walls under the Countryside Stewardship and Environmentally Sensitive Areas schemes operated by the Ministry of Agriculture, Fisheries and Food. Local authorities and National Parks also have powers to operate local environmental grant schemes which may include assistance for the management of dry stone walls and local planning authorities have planning powers to control the demolition of dry stone walls in conservation areas. There are a number of such schemes operated by the Peak District and North Yorkshire 'National Parks, and information on these is provided to the Secretary of State every year in the context of his discussions of the National Park Authorities' Corporate Financial Plans.

Helen Jackson: To ask the Secretary of State for the Environment, Transport and the Regions what estimate he has made of the number of dry stone walls which have been removed from the upland countryside over the past *(a)* five and *(b)* 10 years. [7099]

Angela Eagle: The latest information on national losses of dry stone walls are derived from a survey of the countryside in 1990 *(Countryside Survey 1990: Main Report, DOE, London, 1993).* The survey estimated that the total length of dry stone walls in the uplands of Great Britain in 1990 was about 103,000 km and that the overall length of dry stone walls had decreased by about 14 per cent. since 1984. However, due to the sample design used in the survey, there were substantial uncertainties attached to these estimates. The Department of Environment, Transport and the Regions is currently planning a repeat of this survey in 1998.

Education Standard Spending Assessment

Mr. McNulty: To ask the Secretary of State for the Environment Transport and the Regions if he will review provision for the additional educational needs index within the education standard spending assessment; and if he will make a statement. [6934]

Mr. Raynsford: I am committed to a fair distribution of government grant to local authorities through Standard Spending Assessments (SSAs). As part of our programme of work on SSAs, we intend to review the allowance for additional educational needs within the Education SSA. The review is likely to continue into 1998.

Hybrid Wolves

Caroline Flint: To ask the Secretary of State for the Environment, Transport and the Regions (1) what representations he has received from the RSPCA on the interpretation of the legislation governing hybrid wolves; and what plans he has to meet the RSPCA to discuss these; [6989]

(2) what plans he has to issue new guidelines to local authorities about the interpretation of the Dangerous Wild Animals Act 1976, with particular reference to hybrid wolves. [6990]

Angela Eagle: My hon. Friend the Minister of State has received a letter from the Director General of the RSPCA expressing the Society's concerns about the legislation covering the keeping of wolf hybrids. Officials from my Department will be meeting the Society shortly to discuss this issue.

Under the Dangerous Wild Animals Act 1976, a licence is required to keep a wolf or a wolf hybrid where one parent is (or both parents are) of a kind so specified in the schedule to the Act. I appreciate that there are detailed arguments about the make up and characteristics of wolf hybrids and there may be different interpretations of the meaning of "hybrid" and "parent" in the context of the Act. A number of local authorities have sought to clarify the position in the Courts. I am aware that a recent Court ruling has confirmed that a licence is required to keep a wolf hybrid under the Act.

I have no immediate plans to issue new guidance on the Act and the keeping of wolf hybrids, but I will wish to consider whether further guidance is required in the light of detailed consideration of the Court ruling and the RSPCA meeting.

Council Houses (Solar Power)

Mr. Dafis: To ask the Secretary of State for the Environment, Transport and the Regions if he will ensure that new council house building schemes incorporate *(a)* higher insulation standards than have been required up to now and *(b)* consideration of the applicability of solar power. [7096]

Mr. Raynsford: Council house building, in common with private sector house building, has to comply with the Building Regulations which include requirements for the conservation of fuel and power. Strengthened requirements were introduced only two years ago, from July 1995, since when there has been little in the way of council house building. The strengthened requirements should ensure that the annual energy consumption for space and hot water in average new dwellings is 25 per cent. to 35 per cent. lower than before. The requirements represent the minimum compliance level for new housing in England and Wales and my Department is keeping them under review. Local authorities are of course free to apply higher standards in any of their schemes. They and other house builders are encouraged to do so through my Department's Energy Efficiency Best Practice Programme. Local authorities are required by Planning Policy Guidance Note 22 to have regard to renewable energy—including solar energy. Detailed technical guidance is freely available from the DTI and my own Department on how to make the most of this energy source.

Water Regulations (Health and Safety)

Mr. Day: To ask the Secretary of State for the Environment, Transport and the Regions if he will review the advantages of including health and safety requirements in those water regulations currently subject to public consultation. [6935]

Angela Eagle: I understand that the Water Regulations Advisory Committee considered the health and safety of the occupants of premises when formulating its proposals for water regulations. Any representations about the scope and substance of these requirements should be made as a response to the consultation document which the Committee issued on 19 June.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7147]

Mr. Prescott: The DETR and its Executive Agencies are undertaking systems audits and holding discussions with product and service suppliers to analyse the problem in detail in order to produce costed plans by October 1997. Details of costs, schedules and resources will be determined when these are produced, but the target is to complete essential changes by December 1998. Approximately, the equivalent effort of 14 staff is employed on the projects at this stage, excluding work in contracted service suppliers.

Directors and Agency Chief Executives are responsible for addressing the problem in their businesses and in most cases each has appointed a project manager. Government Offices for the Regions are responsible for the Year 2000 compliance of their local applications. GO Central Unit has corporate responsibility for these offices and is setting up a formal project to manage all Year 2000 issues.

Sustainable Development

Mr. Corbyn: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to co-ordinate Local Agenda 21 plans for sustainable development; and if he will make a statement. [6599]

Angela Eagle *[holding answer 7 July 1997]:* In his recent speech to the UN General Assembly Special Session on the environment my Right hon. Friend the Prime Minister paid tribute to the good record of United Kingdom local authorities on Local Agenda 21 and said that he wanted all authorities to adopt Local Agenda 21 strategies by the year 2000.

The Government will be working closely with the local authority associations and the Local Government Management Board to encourage local authorities to meet this target. In doing so, we will take care not to take on a "co-ordinating" role because the strength of Local Agenda 21 derives from the ability of local authorities, community groups, businesses and others to work co-operatively for sustainable development in the light of local and regional needs.

Empty Council Properties

Mr. Colvin: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the 10 local authorities with the highest number of empty residential council properties. [7225]

Mr. Raynsford: The latest available data are for 1 April 1996 when the 10 local authorities in England with the highest numbers of reported management vacants, i.e. dwellings available for letting immediately or after minor repairs, were:

	Management vacants	
	Number	*As a percentage of total stock*
Sheffield	1,505	2.12
Birmingham	1,500	1.52
Islington	1,484	4.01
Leeds	1,434	1.86
Manchester	1,348	1.67
Hackney	1,098	2.85
Liverpool	1,095	2.28
Sandwell	998	2.30
Lambeth	885	2.07
Southwark	817	1.53

Source:
1996 Housing Investment Programme (HIP1) returns.

Local Authorities (Debt)

Mr. Colvin: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the 10 local authorities with the highest amount of debt. [7224]

Mr. Raynsford: The information requested is as follows. It should be noted that authorities with high levels of debt are generally those which have undertaken capital investment and that longer term borrowing to finance capital expenditure is regulated by Government through the issue of credit approvals.

Authority	Outstanding debt at 31 March 1996 £ million
Birmingham	1,218
Manchester	1,206
Lambeth	929
Islington	868
Liverpool	802
Sheffield	802
Southwark	788
Hackney	762
Leeds	697
Tower Hamlets	658

Note:

The outstanding debt figures include both long term and short term borrowing. Local authorities provide data on outstanding amounts for temporary debt and investments in the Department's regular monthly and quarterly borrowing and lending inquiries, but information on longer term debt is collected as flows i.e. transactions during the relevant period. The Department conducted special surveys in 1991, 1993 and 1994 seeking information on the amount of outstanding longer term debt and investment. The figure for 1996 has been calculated from information supplied to the Department in the 1994 survey and the regular monthly and quarterly surveys, and may include estimated values.

Source:

DOE borrowing and lending surveys and PWLB.

Carers

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what steps his Department is taking to increase awareness of the discount for council tax bills that is available to carers. [6458]

Mr. Raynsford: The Department will be writing shortly to all local authorities to remind them of the need to present information in council tax bills on discount disregards, including the carers disregard, as clearly as possible.

Capital Receipts Initiative

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions for what reasons organisations of disabled people or representing disabled people have not been sent without request the consultation paper on proposals for implementing the Government's Capital Receipts Initiative. [6979]

Mr. Raynsford: The arrangements for issuing the consultation paper setting out proposals for a Capital Receipts Initiative in England focused on local authorities in England and a limited number of other organisations with direct interest in the proposals. However, we have already sent an additional 400 copies of the paper to other organisations or individuals on request.

Sports Grounds (Wheelchair Spaces)

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what assessment his Department has made of the *(a)* advantages and *(b)* disadvantages of modifying Part M of the Building Regulations so as to provide for a smaller proportion of wheelchair spaces in large sports grounds. [7081]

Mr. Raynsford: The Approved Document for Part M provides guidance on reasonable provision of wheelchair spaces in sports stadia including an acceptance that it would be reasonable to provide a smaller proportion of wheelchair spaces in large stadia. The Department has made no assessment of either the advantages or the disadvantages of modifying Part M of the Building Regulations so as to provide for a smaller proportion of wheelchair spaces in large sports grounds.

Postal Votes

Mr. Burstow: To ask the Secretary of State for the Environment, Transport and the Regions what his Department plans to spend on advertising the availability of postal votes before the proposed referendum on a strategic authority for London. [7085]

Mr. Raynsford: No decisions have yet been taken on detailed arrangements in respect of the proposed referendum on a Greater London Authority.

HEALTH

GP Fundholders

Mr. Jack: To ask the Secretary of State for Health if he will make a statement on the differences in the method of operation between GP fundholders and locality commissioning; and when commissioning will be introduced. [6746]

Mr. Milburn: General practitioner fundholders are allocated a budget with which to purchase for their patients those health services included in the fundholding List of Goods and Services. A range of approaches to commissioning have already begun to develop locally. Details vary, but the usual pattern is that GP practices, (sometimes including fundholders) collaborate with their health authority to plan the local health strategy, determine priorities, and in some cases also commission services for all patients to ensure that all have equal access to high quality health care.

I announced on 26 June a programme to evaluate 20 GP Commissioning Group pilots over 2 years from April 1998, to complement an assessment of the range of existing activity.

NHS Appointments (Members of Parliament)

Mrs. Virginia Bottomley: To ask the Secretary of State for Health if he will list the Labour and Liberal Democrat hon. Members of the current House of Commons and of the House of Lords who have served as members of *(a)* NHS trusts and *(b)* health authorities in the past seven years. [6651]

Mr. Milburn: The Department does not hold all the information on trust and health authority board posts held by current members of the House prior to this Parliament.

Current Members of the House of Commons, of whatever party, are disqualified from serving as non-executive members of National Health Service trusts or health authorities. Ten Members of the House of Lords are currently also non-executive members of trust and health authority boards. Of these, one takes the Labour Whip, seven take the Conservative Whip and two sit on the cross benches.

NHS Management

Mr. Norman: To ask the Secretary of State for Health how many general and senior managers currently work in the NHS hospital and community health services; and how many of these have direct contact with patients. [6941]

Mr. Milburn: There were 20,590 whole-time equivalent senior managers and other administrative managers employed by the National Health Service Hospital and Community Health Service at 30 September 1996. Information on how many of these have direct contact with patients is not centrally available. The Government is committed to maximising the proportion of NHS resources devoted to patient care by removing the bureaucratic processes of the internal market and reducing management costs in health authorities and trusts.

NHS Funding Formula

Mr. Gunnell: To ask the Secretary of State for Health (1) if he will reconsider the recommendations made in 1994 by University of York health economists who were commissioned to produce new funding formulae for health care; [7228]

(2) what assessment he has made of the equity of the operation of the market forces factor within the funding formula; [7227]

(3) what change there has been in the needs weighting element of health authority allocations for 1997–98; [7231]

(4) when he expects the review of the national distribution of central Government resources to primary and secondary health care to be completed; [7226]

(5) what assessment his Department has made of the advantages of increasing the weighting for needs in health authority funding allocations. [7230]

Mr. Milburn: In 1997–98 an interim needs weighting for Community Health Services was introduced and applied to 11 per cent. of expenditure (leaving 14 per cent. not weighted for need).

It is the Government's intention to look at how resources are distributed across both secondary and primary care to ensure that these fully reflect local population needs and operate as fairly as possible. Details will be announced in due course.

Mr. Gunnell: To ask the Secretary of State for Health what was the *(a)* actual and *(b)* percentage change in the health resources allocated to each region of England in the financial year following the introduction of the market forces factor in the funding formula. [7229]

Mr. Milburn: Allocations are made direct to health authorities and not to regions. Changes to the formula directly affect target allocations rather than actual allocations. The attached table shows the changes to health authority target allocations which resulted from the implementation of the latest market forces factor:

Summary of changes to Health Authority target allocations from 1996–97 to 1997–98, resulting from changes to the market force factor

Health authority	*£000s*	*Per cent.*
Bradford	–930	–0.47
Calderdale and Kirklees	–1,035	–0.43
County Durham	10	0.00
East Riding	–1,098	–0.46
Gateshead and South Tyneside	–580	–0.40
Leeds	–1,687	–0.57
Newcastle and North Tyneside	–881	–0.45
North Cumbria	119	0.09
North Yorkshire	–618	–0.20
Northumberland	–805	–0.64
Sunderland	–534	–0.44
Tees	3,783	1.67
Wakefield	–648	–0.50
Barnsley	–371	–0.40
Doncaster	–761	–0.63
Leicestershire	–1,404	–0.37
Lincolnshire	–528	–0.21
North Derbyshire	–370	–0.24
North Nottinghamshire	–513	–0.33
Nottingham	–917	–0.35
Rotherham	–465	–0.45
Sheffield	–844	–0.39
South Derbyshire	–917	–0.40
South Humber	–408	–0.32
Bedfordshire	–2,690	–1.11
Berkshire	12,619	3.59
Buckinghamshire	1,551	0.52
Cambridge and Huntingdon	5,591	2.98
East Norfolk	–1,287	–0.51
North-west Anglia	1,736	1.03
Northamptonshire	5,571	2.22
Oxfordshire	–1,678	–0.63
Suffolk	2,147	0.79
Barking and Havering	–6,330	–3.57
Barnet	–2,802	–1.84
Brent and Harrow	–104	–0.05
Camden and Islington	3,540	1.89
Ealing, Hammersmith and Hounslow	9,049	2.89
East and North Hertfordshire	1,086	0.49
East London and the City	1,733	0.57
Enfield and Haringey	–6,281	–2.74
Hillingdon	4,729	4.10
Kensington, Chelsea and Westminster	6,157	3.30
North Essex	–7,924	–2.03
Redbridge and Waltham Forest	–8,631	–4.05
South Essex	–5,602	–1.80
West Hertfordshire	6,937	2.92
Bexley and Greenwich	–8,679	–4.27
Bromley	–5,791	–4.18
Croydon	–258	–0.17
East Kent	–7,011	–2.67
East Surrey	5,653	3.10
East Sussex, Brighton and Hove	–17,524	–5.42
Kingston and Richmond	–1,037	–0.69
Lambeth, Southwark and Lewisham	660	0.18
Merton, Sutton and Wandsworth	–3,139	–1.06
West Kent	–11,332	–2.64
West Surrey	8,381	2.95
West Sussex	439	0.14
Avon	13,840	3.43
Cornwall and Isles of Scilly	–750	–0.38
Dorset	1,656	0.58
Gloucestershire	5,280	2.32
Isle of Wight	–3,229	–5.93
North and East Devon	–721	–0.37
North and Mid Hampshire	–2,480	–1.03

Summary of changes to Health Authority target allocations from 1996–97 to 1997–98, resulting from changes to the market force factor

Health authority	*£000s*	*Per cent.*
Portsmouth and South East Hampshire	–4,378	–1.87
Somerset	198	0.10
South and West Devon	–842	–0.35
Southampton and South West Hampshire	–4,905	–2.08
Wiltshire	8,365	3.39
Birmingham	1,027	0.25
Coventry	64	0.05
Dudley	93	0.07
Herefordshire	–59	–0.09
North Straffordshire	–762	–0.39
Sandwell	392	0.33
Shropshire	–606	–0.35
Solihull	–165	–0.20
South Staffordshire	–587	–0.25
Walsall	–121	–0.11
Warwickshire	–865	–0.42
Wolverhampton	98	0.10
Worcestershire	–451	–0.21
Bury and Rochdale	821	0.51
East Lancashire	–1,104	–0.53
Liverpool	2,463	1.29
Manchester	996	0.56
Morecambe Bay	–471	–0.37
North Cheshire	3,173	2.49
North West Lancashire	–721	–0.37
Salford and Trafford	1,639	0.90
Sefton	1,688	1.42
South Cheshire	6,376	2.32
South Lancashire	–329	–0.26
St. Helens and Knowsley	1,997	1.47
Stockport	2,477	2.07
West Pennine	538	0.28
Wigan and Bolton	1,507	0.64
Wirral	1,784	1.32

Source:
1997–98 Health Authority Revenue Cash Limits Exposition Book.

Vitamin, B_6

Mrs. Ray Michie: To ask the Secretary of State for Health what plans he has to change the recommended daily intake of vitamin B_6 for women; and if he will make a statement. [7243]

Ms Jowell: The Reference Nutrient Intake is one of several Dietary Reference Values. These estimates of nutritional requirements of healthy people are made by the Committee on Medical Aspects of Food and Nutrition Policy. They were last reviewed in 1991 and there are no plans for a further review. The current Reference Nutrient Intake of around 1.5mg/day for vitamin B_6 is enough to meet the nutritional needs of virtually all healthy adults. The British National Formulary says that there is little sound evidence for claims that supplements of vitamin B_6 can alleviate the premenstrual syndrome.

The Government is acting on the advice of the Food Advisory Committee and Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment to control the sales of vitamin B_6 products because of the risk of adverse effects following consumption of supplements at doses of 50mg or above of vitamin B_6. The levels of vitamin B_6 in dietary supplements will be limited to a daily dose of 10mg. Products containing higher daily doses will continue to be available as licensed medicinal products, or under the supervision of a pharmacist or doctor.

Eye Tests

Mr. Burstow: To ask the Secretary of State for Health if eligibility for free NHS eye tests entitles an individual to a free domiciliary visit; and what assessment his Department has made of the availability of domiciliary eye test visits. [6456]

Mr. Milburn: Patients eligible for National Health Service sight tests, who are unable to attend an optical practice, are eligible for a free domiciliary visit. There were 222,500 domiciliary visits paid for by health authorities in 1995–96.

Mr. Burstow: To ask the Secretary of State for Health for what reasons statistics on the total number of eye tests performed in Great Britain were not collected between 1989 and 1993. [6459]

Mr. Milburn: The Department had never collected any information on numbers of private sight tests and, in 1989, it was Government policy to restrict the amount of information required from the private sector. In 1993 agreement was reached with the optical profession on the introduction of an annual survey of a sample of opticians' workloads, which provides the information on private sight tests currently used to make estimates of the total number of sight tests.

Basildon and Thurrock General Hospitals NHS Trust

Mr. Mackinlay: To ask the Secretary of State for Health (1) what costs relating to *(a)* legal fees, *(b)* financial advisers and consultants and *(c)* other consultants have been incurred by the Basildon and Thurrock General Hospitals NHS Trust in respect of (i) PFI proposals to extend hospital facilities at Basildon Hospital and (ii) the proposed development of land at Orsett Hospital; [6656]

(2) with which *(a)* financial institutions, *(b)* developers and *(c)* chartered surveyors the Basildon and Thurrock General Hospitals NHS Trust has had discussions with in respect of developing land at Orsett Hospital; [6657]

(3) with which *(a)* financial institutions and *(b)* developers or their agents the Basildon and Thurrock General Hospitals NHS Trust has had discussions in respect of proposals relating to a PFI concerning Basildon Hospital. [6659]

Mr. Milburn: Basildon and Thurrock General Hospitals National Health Service Trust has not held discussions with any financial institutions or developers relating to proposals for a Private Finance Initiative project for acute rationalisation at Basildon Hospital and Orsett Hospital. They have held discussions with the Chartered Surveyors Drivers Jonas concerning Orsett Hospital development. As a consequence, no expenditure has been incurred in respect of financial advisers; £14,900 has been incurred in respect of legal advisers; and £29,963 has been incurred in respect of chartered surveyors.

Mr. Mackinlay: To ask the Secretary of State for Health, pursuant to his answer of 1 July, *Official Report*, column *146*, if he will list those consultants on *(a)* whole-time contracts and *(b)* maximum part-time

contracts doing (i) eight and (ii) 10 sessions a week in the Basildon and Thurrock General Hospitals NHS Trust. [7086]

Mr. Milburn: The contracts of employment between the trust and individual consultants are matters for the parties concerned.

Mr. Mackinlay: To ask the Secretary of State for Health, pursuant to his answer of 1 July, *Official Report*, column *146*, which members serve on the remuneration committee of the Basildon and Thurrock General Hospitals NHS Trust Board. [7083]

Mr. Milburn: The remuneration committee is made up of all the current non-executive board members, including the trust chairman. They are:

Mr. Ian Macpherson (Chairman)

Mr. Derek Harman

Mrs. Joan Sladden

Mr. Peter Wallis

Mr. Melvyn Lambert

Ms Fiona East

Community Care

Mr. Burstow: To ask the Secretary of State for Health what plans he has to increase the community care budget. [6974]

Mr. Boateng: The level of resources for community care in 1997–98 was announced in February 1997 as part of the local government settlement. That issue is now closed. My right hon. Friend the Deputy Prime Minister will announce the government's plans for local government expenditure in 1998–99, including provision for personal social services, in the autumn.

Drug Costs

Ms Hodge: To ask the Secretary of State for Health what was the average cost to public funds of a course of drugs administered in hospital. [7272]

Mr. Milburn: Although it is possible to be specific for costs of some courses of drugs in hospital, the wide range of different drug treatments make it impossible to specify an average cost. However, the total cost of all drugs purchased by hospitals was £874,353 million in 1995–96, the latest year for which the data are available.

Clinical Effectiveness

Mr. Jack: To ask the Secretary of State for Health what definition his Department uses of "clinically effective". [7430]

Ms Jowell: The Departments's 1996 publication *Promoting Clinical Effectiveness* defined clinical effectiveness as the extent to which specific clinical interventions, when deployed in the field for a particular patient of population, do what they are intended to do—that is, maintain and improve health and secure the greatest possible health gain from the available resources. This definition is still used.

AGRICULTURE, FISHERIES AND FOOD

Live Animal Transport

Mrs. Ray Michie: To ask the Minister of Agriculture, Fisheries and Food if he will introduce exemptions for Highlands and Islands farmers from the Welfare of Animals During Transport Order 1997; and if he will make a statement. [7242]

Mr. Chisholm: I have been asked to reply.

The Welfare of Animals (Transport) Order 1997 enables my right hon. Friend the Secretary of State for Scotland to grant exemption from most of its provisions, to any person transporting animals within the Highlands and Islands Enterprise area. Applications for such exemption will each be considered on the basis of all the relevant circumstances and shall be granted only where the welfare of the animals would not be put at risk as a result.

Rabies

Mr. Vaz: To ask the Minister of Agriculture, Fisheries and Food (1) if he will make a statement on the Government's policy on keeping the United Kingdom rabies free; [6879]

(2) if he will review the use of *(a)* rabies vaccinations and *(b)* microchipping as alternatives to quarantine. [6880]

Mr. Rooker: The current arrangements for keeping the United Kingdom rabies free are contained in the Rabies (Importation of Dogs, Cats and Other Mammals) Order 1974 (as amended). This requires certain rabies susceptible mammals to be quarantined for six months on entry to the UK. In the light of our commitment to do so, we are reviewing whether alternatives to quarantine might give equal or better protection against rabies. The review is taking account of the possibilities of vaccination and microchipping of animals.

Quarantine

Mr. Vaz: To ask the Minister of Agriculture, Fisheries and Food what steps he proposes to improve welfare conditions in quarantine. [6881]

Mr. Morley: We are currently inspecting those quarantine kennels which have signed up to a Voluntary Code of Practice for the Welfare of Dogs and Cats in Quarantine Premises to ensure they can meet all its requirements. We would like to put this Code on a statutory basis when parliamentary time can be found.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Minister of Agriculture, Fisheries and Food if he will make a statement on his Department's timetable for dealing with the year 2000 computer problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7130]

Mr. Morley: The Ministry's Director of IT is co-ordinating a programme of millennium preparations consisting of a number of parallel projects covering different aspects of the Department's computer systems and associated technical infrastructure. Another project

has been established, within that management framework, to address "non-IT" equipment containing embedded microprocessor chip technology.

The current rate of progress is consistent with the targets set by the Central IT Unit (CITU) of the Cabinet Office and preparations for all business critical systems are expected to be completed by 31 December 1998, subject, where appropriate, to a final check of end-of-year financial systems by April 1999.

Headcount details are difficult to estimate precisely because the work is so diverse and involves contributions (some full-time but often involving smaller proportions of individuals' time) from staff in many parts of MAFF and its Executive Agencies, as well as external IT consultants and contractors. The overall cost of millenium preparations, however, is currently estimated to be about £7 million. Prioritised and costed plans will be provided to CITU by October 1997.

Live Poultry Sales

Mr. Corbett: To ask the Minister of Agriculture, Fisheries and Food if he will outlaw the sale of live poultry door-to-door for slaughter and consumption. [7124]

Mr. Morley *[holding answer 8 July 1997]:* It would be difficult to outlaw this trade without affecting other, legitimate trade. Meat produced in accordance with special religious and cultural requirements is available from regulated outlets, so there is no need for customers to turn to this door-to-door trade. We shall be taking steps to spread awareness of this.

Cattle Cull (Orkney)

Mr. Wallace: To ask the Minister of Agriculture, Fisheries and Food on how many occasions in June 1997 the Intervention Board made arrangements for blood from cattle culled in Orkney to be transported to the Scottish mainland for disposal; what was the volume of blood involved in each case and what was the capacity of the vehicle used to transport the blood; and what was the total cost to public funds. [6976]

Mr. Rooker: Commission Regulation 716/96, under which the Over Thirty Month Scheme (OTMS), operates, requires the remains of cattle slaughtered under the scheme to be incinerated, or rendered and destroyed. This requirement covers the whole of the animal, other than the hide, and the Intervention Board have instigated a system of collecting OTMS blood from scheme abattoirs by means of tanker round. The blood is taken to one of two rendering plants in Great Britain for processing, prior to destruction.

Orkney Islands Council (OIC) have a contract with the intervention board to slaughter OTMS cattle offered to the scheme on Orkney, and to destroy the remains, including the blood, in a newly developed gasification facility. Because of difficulties with the chill facilities at the OIC plant in the first few weeks of June, the Intervention Board arranged for the remains of the OTMS animals slaughtered at the plant, including the blood, to be delivered to the renderer at Kintore in Aberdeenshire for processing.

A total of 4.2 tonnes of OTMS blood was collected from the Orkney cull abattoir on three separate occasions in June by the special tanker used to collect OTMS blood from the other participating abattoirs in scotland. This vehicle has a capacity of around 22 tonnes. All the invoices for this work have not yet been received, but it is estimated that the collection service, including ferry crossing, and rendering will cost in the order of £5,000.

I am pleased to say that the difficulties with the chills have now been resolved, that the integrated slaughter and gasification process in Orkney is now fully operational again and that the blood from the OTMS animals slaughtered on Orkney is now processed on the island.

Wild Plant Seeds

Mr. Corbett: To ask the Minister of Agriculture, Fisheries and Food what steps he is taking to ensure that there are adequate supplies of domestic wild plant seed to restore meadows under the Countryside Stewardship Scheme. [7359]

Mr. Morley: Domestic supplies of wild plant seed are obtained from harvesting existing species rich grassland meadows. The Countryside Stewardship scheme expects wild plant seed of local provenance to be used in the re-creation of species rich grassland or the restoration of hay meadows thereby generating a market for the material.

Weald Meadows Initiative

Mr. Corbett: To ask the Minister of Agriculture, Fisheries and Food (1) what is the minimum amount of grant, and over what period, for which the Weald Meadows Initiative may apply to employ a specialist adviser on the replanting of degraded grass; [7360]

(2) if he will list *(a)* the grants applied for and *(b)* the grants given and their amount on behalf of the Weald Meadows Initiative. [7362]

Mr. Morley: This Department has no grant scheme that could offer support for the employment of such an adviser. Last October, shortly before the closure in England of the Marketing Development Scheme, the Weald Meadows Initiative sought a grant for a products co-ordinator and a marketing campaign for its wildflower products. This application did not fit well with the scheme criteria, and with strong competition for the limited funds available, it was not successful.

Mr. Corbett: To ask the Minister of Agriculture, Fisheries and Food if he will list the grants for which application can be made to replant degraded grassland in the area covered by the Weald Meadows Initiative. [7361]

Mr. Morley: The re-creation, restoration and maintenance of unimproved grassland can be grant aided through the Countryside Stewardship scheme. Payments of £85 a hectare per year are available for managing lowland hay meadows together with a supplement of £30 a hectare per year for fields of less than 3 ha in size. Many of the remaining valuable grassland meadows are small in size and the additional payment is in recognition of the

difficulties of managing small fields. A one year supplementary payment is also available (normally for one year but occasionally up to five years) for additional measures to assist with initial grassland management work such as scrub control or spreading hay from species rich grassland to introduce flowers and grasses.

WALES

Bowel Cancer

Mr. Hanson: To ask the Secretary of State for Wales which health authorities currently allow use of CPT-II in the treatment of bowel cancer. [5594]

Mr. Win Griffiths: Health Authorities in Wales do not currently allow the routine use of this drug in the treatment of bowel cancer, as they are awaiting further evaluation of its clinical effectiveness.

Social Housing

Mr. Barry Jones: To ask the Secretary of State for Wales how he proposes to assist unitary authorities in Wales to increase their provision of social housing in Wales; and if he will make a statement. [6100]

Mr. Win Griffiths: I have asked Tai Cymru to increase the provision of social housing this year. We will also assist unitary authorities through our capital receipts initiative. This will enable them to increase the provision of social housing which can include partnership arrangements with private and registered social landlords; reduce the number of local authority void properties and make more efficient use of the housing stock. I have issued a consultation paper which encourages Welsh housing authorities to determine the most effective and cost efficient ways of increasing the provision of social housing and improving existing housing stock.

Pyrethroid Sheep Dips

Mrs. Golding: To ask the Secretary of State for Wales if he will make a statement on the effect of pyrethroid sheep dips on aquatic life in rivers and streams in Wales. [6387]

Mr. Wyn Griffiths: On 13 June the Environment Agency issued a press release about the impact on the aquatic environment, including in Wales, of synthetic pyrethroid sheep dips which describes the action that the Agency is taking. I have arranged for a copy to be placed in the Library of the House.

Welsh Assembly

Mr. Burstow: To ask the Secretary of State for Wales what his Department plans to spend on advertising the availability of postal votes before the proposed referendum on Welsh devolution. [7084]

Mr. Ron Davies: I plan to include information on absent voting in the leaflet setting out the Government's proposals which is to be distributed to all households in Wales. These costs will therefore be subsumed within the overall costs of producing the leaflet.

NORTHERN IRELAND

Sinn Fein

8. **Mr. Clifton-Brown:** To ask the Secretary of State for Northern Ireland if she will make a statement on the preconditions under which Sinn Fein will be admitted to peace talks with the Government. [5897]

Mr. Murphy: There is no need for a further statement on this matter. My right hon. Friend the Prime Minister made it clear in his statement of 25 June what Sinn Fein need to do to enter talks, and he published at that time the aide memoire which had been sent to Sinn Fein following their two meetings with officials in May.

Political Process

9. **Mr. Mallon:** To ask the Secretary of State for Northern Ireland what discussions she has had with representatives of the Irish Government to plan the agenda for negotiations on the three strands of the political process. [5898]

Mr. Murphy: The agenda for talks is a matter for the participants. I hope that, in the light of previous discussions in the talks, there will be early agreement on the agenda following a resolution of the decommissioning issue.

Peace Process

11. **Mr. Gunnell:** To ask the Secretary of State for Northern Ireland if she will make a statement on progress made in the peace process since 25 June. [5901]

17. **Mr. Nicholas Winterton:** To ask the Secretary of State for Northern Ireland if he will make a statement on the peace process in Northern Ireland. [5907]

19. **Dr. Iddon:** To ask the Secretary of State for Northern Ireland if she will make a statement on the Northern Ireland peace process. [5909]

Dr. Mowlam: I refer to the oral answer that I gave earlier to my hon. Friends the Members for Luton, South (Ms Moran), Stevenage (Barbara Follett) and North-west Norfolk (Dr. Turner).

12. **Mr. Gareth R. Thomas:** To ask the Secretary of State for Northern Ireland if she will make a statement on support from the United States Administration for the peace process in Northern Ireland. [5902]

28. **Mrs. Humble:** To ask the Secretary of State for Northern Ireland if she will make a statement on support from the United States Administration for the peace process in Northern Ireland. [5918]

Dr. Mowlam: The United States administration share this Government's wish to see an end to all violence in Northern Ireland and to reach a lasting political settlement which has the broad support of people on both sides of the community. My right hon. Friend the Prime Minster and the President continue to discuss developments in Northern Ireland on a regular basis. We are grateful for the close personal interest that the President has taken, and for the valuable work of Senator George Mitchell in the Talks process.

Marches and Parades

13. **Mr. Gordon Prentice:** To ask the Secretary of State for Northern Ireland what additional steps she proposes to take to minimise the risk of disorder during the marching season. [5903]

Dr. Mowlam: I, my Ministers and senior officials have been involved in intensive discussions with representatives of the Orange Order, residents' groups and others to resolve the problem of contentious parades. These efforts will continue.

Considerable disorder has followed the Orange Order parade along the Garvaghy Road on Sunday. While recognising the anger felt in the Nationalist community, there can be no justification for the scenes of violence witnessed over the past few days.

21. **Mr. Home Robertson:** To ask the Secretary of State for Northern Ireland if she will make a statement on the cost of police and military security at marches and parades. [5911]

Dr. Mowlam: The information requested could only be obtained at disproportionate cost.

24. **Ms Ward:** To ask the Secretary of State for Northern Ireland if she will make a statement on parades and marches in Northern Ireland. [5914]

29. **Shona McIsaac:** To ask the Secretary of State for Northern Ireland if she will make a statement on parades and marches in Northern Ireland. [5919]

Dr. Mowlam: The Government will continue to seek a resolution to the difficult problems of contentious marches in Northern Ireland. We remain firmly committed to the principle of local accommodation and dialogue as offering the best solution.

An agreed settlement could not be reached at Drumcree. The Chief Constable took his decision in the interests of public safety and the Government fully supports him. Decisions on future parades will be made using the criteria set down by the relevant legislation.

The Government is committed to bringing forward new legislation on parades later this year which will provide the basis for a new approach to this issue.

Electricity Interconnector

14. **Dr. Whitehead:** To ask the Secretary of State for Northern Ireland if he will make a statement on progress towards the establishment of the electricity interconnector. [5904]

22. **Mr. Jim Cunningham:** To ask the Secretary of State for Northern Ireland what progress is being made towards the construction of the electricity interconnector. [5912]

Mr. Ingram: Progress depends on the outcome of planning applications in Northern Ireland and Scotland. Northern Ireland Electricity plc submitted a second planning application for the Northern Ireland element of the project on 4 April 1997. My right hon. Friend the Secretary of State for Scotland hopes to announce his decision on the application for the Scotland element shortly.

Unemployment

15. **Mrs. Organ:** To ask the Secretary of State for Northern Ireland what steps she is taking to combat long-term and youth employment in Northern Ireland. [5905]

Mr. Worthington: I refer my hon. Friend to the oral answer I gave earlier to my hon. Friend the Member for Dartford, (Dr. Stoate).

27. **Mr. Godman:** To ask the Secretary of State for Northern Ireland what is the current number of long-term unemployed claimants; and what was the number in *(a)* 1991, *(b)* 1993 and *(c)* 1995. [5917]

Mr. Worthington: The latest available information relates to April 1997 and at that time there were 34,807 long-term unemployed in Northern Ireland. For April of each of the other years requested the numbers were *(a)* 50,006 in 1991, *(b)* 56,818 in 1993 and *(c)* 49,885 in 1995.

Employment Equality Review

18. **Helen Jones:** To ask the Secretary of State for Northern Ireland if she will make a statement on the employment equality review being conducted by the Northern Ireland Standing Advisory Commission on Human Rights. [5908]

Dr. Mowlam: I refer my hon. Friend to the reply I gave my hon. Friend the Member for Greenock and Inverclyde (Mr. Godman) on Thursday 26 June, *Official Report*, column *623*.

Economy (Expansion)

23. **Mr. Mackinlay:** To ask the Secretary of State for Northern Ireland if she will make a statement on progress to expand the Northern Ireland economy. [5913]

Mr. Ingram: We are working with business, the community and the unions to assist companies become more competitive, to attract tourists and high calibre inward investment, and to develop and harness the talents of everyone with a contribution to make to economic development in Northern Ireland. Our task will be immeasurably easier in a peaceful, stable environment.

Belfast Port

25. **Mr. Bill O'Brien:** To ask the secretary of State for Northern Ireland if she will make a statement on future proposals for the port of Belfast. [5915]

Mr. Murphy: Government has not yet had the opportunity to consider the possible options for the future of the port of Belfast. I understand that the Belfast Harbour Commissioners have engaged consultants to advise them on available options and have formed a special committee to consider proposals under the Ports (NI) Order 1994. The Commissioners have not yet submitted any proposals to Government.

Cross-border Security

26. **Mr. Robathan:** To ask the Secretary of State for Northern Ireland what discussions she has had with the new Irish Government regarding cross-border security. [5916]

Mr. Ingram: Maintaining the existing high levels of cross-border security co-operation with the new Irish Government will remain as a high priority. We shall continue to keep this under regular review with the Irish.

Irish Language Teaching

Mr. Flynn: To ask the Secretary of State for Northern Ireland what new proposals he has to increase Irish language. [5906]

Mr. Worthington: Steps have been taken to ensure an adequate supply of suitably trained teachers of Irish Medium schools. St. Mary's College of Education now offers a four-year Bed (Primary) course for those wishing to teach in the Irish Medium Sector. Pending the output of teachers from this new course my Department has approved five additional one-year Post Graduate Certificate in Education intake places each year.

Outside the irish medium sector, where Irish is compulsory, it is a matter for individual schools to decide whether to teach Irish, and I have no plans to change that.

Punishment Beatings

Mrs. Gorman: To ask the Secretary of State for Northern Ireland if she will make a statement on the incidence of punishment beatings over the last six months. [5910]

Mr. Ingram: Between 1 January 1997 and 29 June 1997 the number of causalities resulting from paramilitary assaults as recorded by the RUC were:

	Loyalists	*Republican*
Beatings	40	48
Shootings	32	4
Total	72	52

Clearly this type of brutal vigilante activity is barbaric and indefensible. The RUC remains the only legitimate law enforcement agency in Northern Ireland.

Hospitals (Complaints)

Rev. Martin Smyth: To ask the Secretary of State for Northern Ireland if she will make a statement on the number of complaints concerning inadequate care in hospitals in the last year. [6175]

Mr. Worthington: The information is not centrally available in the form requested. Information on complaints to HSS Trusts in Northern Ireland is collected by Programme of Care. Of the total number of 3,188 complaints to HSS in Northern Ireland in the year 1996–97, 1,508 were in the Acute Programme of Care and 224 were in the Maternity and Child Health Programme of Care, the two Programmes of Care which are most strongly associated with hospital based rather than community-based care.

SOCIAL SECURITY

Means Testing

Mr. Fearn: To ask the Secretary of State for Social Security what plans she has to widen the scope of means testing for benefits. [4599]

Mr. Field: Our objective is to reduce poverty and welfare dependency and to promote work incentives. We will develop a system that supports work, savings and honesty. Our first steps are to focus on helping people off welfare and into work and to review the central areas of insecurity for older people.

Benefit Take-up

Mr. Todd: To ask the Secretary of State for Social Security what steps are planned to increase the uptake of benefits by individuals entitled to them who are not currently claiming. [4866]

Mr. Keith Bradley: We are concerned that up to one million pensioners currently miss out on the Income Support to which they are entitled. We want to get help to Britain's poorest pensioners and are commissioning research into the reasons why pensioners fail to claim the Income Support which is their due.

Child Maintenance Bonus

Mr. Pond: To ask the Secretary of State for Social Security how many parents returning to work have been paid a child maintenance bonus since its introduction, and what was the average amount paid. [5441]

Mr. Keith Bradley: The information is as follows:

Child maintenance bonus statistics[1]

	All claimants[2]
Number of bonus payments made from 7 April 1997 to 30 May 1997[3]	79
Total amount of bonus payments made from 7 April 1997 to 30 May 1997[4]	£1,538
Estimated average bonus payment[5]	£19.50

Notes:

[1] The Child Maintenance Bonus allows people to accrue a bonus over a period of time therefore it is difficult to judge its effectiveness on 2 months data.

[2] Provisional data based on claims held on the Income Support Computer System (ISCS). Information on clerically processed claims or Jobseeker Allowance (JSA) claimants is not yet available.

[3] Claims authorised for payment recorded on ISCS.

[4] Total amount authorised for payment recorded on ISCS.

[5] Based on total amount authorised for payment recorded on ISCS.

Source:

Child Maintenance Bonus management information statistics.

Back to Work Bonus

Mr. Pond: To ask the Secretary of State for Social Security how many people returning to work have been paid a Back to Work Bonus since the scheme's introduction; and what was the average amount of the payment. [5440]

Mr. Keith Bradley: We will be evaluating the effectiveness of the Back to Work Bonus scheme in contributing to our welfare to work objectives, which are to provide work incentives and to reduce poverty and welfare dependency.

The information requested is in the table.

Back to Work Bonus statistics[1]

	All claimants
Number of bonus payments made from October 1996 to May 1997[2]	15,000
Total amount of bonus payments made[3] from October 1996 to May 1997	£2,487,450
Estimated average bonus payment[4]	£172.11
Claimants with an accrued bonus at the end of May 1997[5]	152,000

Notes:

1. These figures are subject to revision.

[1] Provisional data based on claims held on the Income Support Computer System (ISCS) and the Jobseeker's Allowance Payment System (JSAPS). No clerically processed claims included. Numbers are rounded to the nearest thousand.

[2] Claims authorised for payment recorded on JSAPS and ISCS. They include 500 payments made to claimants on reaching an age threshold (age 60 in Income Support, and age 65 for men and age 60 for women in Jobseeker's Allowance).

[3] Total amount authorised for payment recorded on ISCS and JSAPS.

[4] Based on total amount authorised for payment recorded on ISCS and JSAPS.

[5] Live claims on ISCS and JSAPS with a bonus accrual plus claims which have ended with a bonus accrual but no bonus payment has been made (claimants who return to benefit within 12 weeks and have not claimed a bonus retain the amount accrued during the previous claim).

Source:

Back to Work Bonus management information statistics.

Child Support Agency

Mrs. Ballard: To ask the Secretary of State for Social Security when the Child Support Agency will be given instructions to act on cases brought to its attention voluntarily by parents with care who are not in receipt of income support, family credit or disability working allowance. [5666]

Mr. Keith Bradley: The Government believes that all children are entitled to the support of both parents. Children should only be supported by the taxpayer when their parents are unable to do so.

The Child Support Agency already takes on cases where the parent with care is not receiving a relevant benefit and there is no court order, or written maintenance agreement which was made before 5 April 1993 for regular payments of child maintenance. Where there is such an order or agreement the parent with care can continue to use the courts to enforce or vary the amounts of maintenance.

Housing Benefit

Mr. Cotter: To ask the Secretary of State for Social Security what plans she has to review housing benefit; and if she will make a statement. [6291]

Mr. Keith Bradley: Housing Benefit is one of the major components of the Social Security system. We will be examining it, and links with housing support generally with the Secretary of State for the Environment, Transport and the Regions, as part of the comprehensive review of Government expenditure.

Retirement Pensions

Mr. Gorrie: To ask the Secretary of State for Social Security what plans she has to increase the 25p per week augmentation of pensions given when pensioners reach the age of 80 years. [6626]

Mr. Denham: We will examine means of delivering more automatic help to the poorest pensioners, many of whom are over 80. We will shortly be announcing details of a review of the central areas of insecurity for older people. We have no plans to increase the 25p weekly age addition in 1997.

Pensioners' Christmas Bonus

Mr. Gorrie: To ask the Secretary of State for Social Security what plans she has to increase the pensioners' £10 Christmas bonus. [6627]

Mr. Denham: I refer the hon. Member to the reply I gave to the hon. Member for Colchester (Mr. Russell) on 1 July, *Official Report*, column *136*.

Widows

Mr. Cohen: To ask the Secretary of State for Social Security if she will give priority to the circumstances of widows in her general review of social security; and if she will make a statement. [6988]

Mr. Denham: I refer the hon. Member to the reply I gave to the hon. Member for Edinburgh West (Mr. Gorrie) on 23 June, *Official Report*, column *413*.

Disability Living Allowance

Mr. Burstow: To ask the Secretary of State for Social Security when the benefits integrity programme in respect of disability living allowance will commence; how many benefit recipients will be subject to face to face interviews; when the programme will be completed; and what is the estimated cost of the programme. [6435]

Mr. Denham: One of our key aims is to rebuild integrity in, and public support for, the Social Security system and the way in which public money is spent. Research indicates that we may be paying £0.5 billion a year to people who are not entitled to receive it.

This is why we have set up the Benefit Integrity Project to focus on those people who are properly entitled to receive it. However, we regard it as essential that disabled people are treated with respect and in an unthreatening way. The administration of this programme is a matter for Peter Mathison, Chief Executive of the Benefits Agency. He will write to the hon. Member.

Letter from Peter Mathison to Mr. Paul Burstow, dated 8 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question about the Benefit Integrity Programme.

The Benefit Integrity Project formally commenced on 28 April 1997, the first postal enquiries were issued on 6 May 1997. Starting from the end of July a two year programme will commence to visit some 150,000 Disability Living Allowance recipients at home.

The project is due to be completed by 31 March 1999, the findings of which will help to inform decisions about future integrity work. It is estimated that the cost of the project will be £10m a year.

I hope you find this reply helpful.

Mr. Burstow: To ask the Secretary of State for Social Security by what means increases in the duty on petrol are incorporated into the mobility component of disability living allowance. [6622]

Mr. Denham: Disability Living Allowance is increased every year, by law, by the rate of inflation as measured by the movement in the Retail Prices Index (PRI). The basket of goods used to calculate the RPI includes the cost of petrol as well as other motoring costs.

Carers

Mr. Burstow: To ask the Secretary of State for Social Security what assessment she has made of the advantages of sending to each recipient of invalid care allowance information on the discount for council tax bills that is available to carers; and what estimate she has made of the cost of sending such a mailing. [6457]

Mr. Denham: We will streamline services to provide better, simpler more efficient services to clients.

There would be little advantage in writing to all recipients of Invalid Care Allowance because, although there may be some overlap, the criteria for entitlement to that benefit and to the council tax discount for carers differ significantly.

The cost of such an exercise is likely to be in the region of £80,000–£105,000.

Mr. Burstow: To ask the Secretary of State for Social Security if foster carers can claim *(a)* incapacity benefit, *(b)* invalid care allowance and *(c)* other non-means tested benefits and in what circumstances. [6968]

Mr. Denham: We will streamline services to provide better, simpler more efficient services to clients.

Foster carers can claim Incapacity Benefit, Severe Disablement Allowance, Invalid Care Allowance, Disability Living Allowance, Attendance Allowance and other non means tested benefits provided they meet the normal eligibility criteria for these benefits.

Social Fund

Mr. Burstow: To ask the Secretary of State for Social Security what was the average award made under the social fund in each of the last five years. [6977]

Mr. Keith Bradley: Average Payments for 1991–92 to 1995–96 are in the table. Figures for 1996–97 will be published in the Department of Social Security's Annual Report on the Social Fund later this month.

	Regulated scheme		*Discretionary fund*			
Year	*Maternity payments*	*Funeral payments*	*Cold weather payments*	*Community care grants*[1]	*Budgeting loans*[1]	*Crisis loans*[1]
1991–92	101	706	6	281	217	62
1992–93	101	789	6	314	226	65
1993–94	101	873	6	322	239	64
1994–95	101	924	7	340	255	65
1995–96	101	791	8.50	351	271	66

[1] Does not include awards on review.

Mr. Burstow: To ask the Secretary of State for Social Security what plans she has to *(a)* revise the criteria for awarding and *(b)* increase the amount of moneys available to the social fund. [6969]

Mr. Keith Bradley: The Social Fund is made up of two parts; the regulated and discretionary schemes. The regulated scheme is based on rules of entitlement and payments are not cash limited. Discretionary Social Fund payments are made from a national cash limited budget which is allocated to individual Benefits Agency District Offices.

The overall size of the gross discretionary Social Fund budget, and its allocation, is decided annually. It depends principally on the size of loan recoveries expected during the course of each coming year plus planned new provision voted for each year.

Details of the annual gross budget for the discretionary Social Fund and the principles used for its allocation are placed in the Library in March each year. The allocations principles will be reviewed as part of each annual budget setting exercise.

Income Support

Mr. Burstow: To ask the Secretary of State for Social Security if she will withdraw new instructions issued to social security staff in August 1995 that require them when assessing eligibility for income support in circumstances where the claimant was alleging abuse or significant harm, to probe into the nature and extent of that abuse. [6970]

Mr. Keith Bradley: We want a system that supports work, savings and honesty; and provides better, simpler and more efficient services to claimants. The guidance on claims from young people in the circumstances described ensures handling by staff trained in these sensitive matters. The Government has no plans to withdraw the guidance which provides an opportunity to highlight cases of abuse and to take necessary action.

As Income Support for the unemployed has been replaced by income based Jobseeker's Allowance any

further consideration of this matter will be for the Secretary of State for Education and Employment.

Mr. Burstow: To ask the Secretary of State for Social Security what plans she has to simplify the process for claiming income support by people who go into residential care for temporary periods. [6973]

Mr. Keith Bradley: We will streamline services to provide better, simpler, more efficient services to clients. We fully recognise the importance that temporary placements have in providing respite care for carers and for those needing care. We are examining the current process for dealing with benefit claims to make procedures as simple and straightforward as possible and this will include the particular difficulties which can arise for people who need to claim Income Support for temporary periods in residential care.

Incapacity Benefit

Mr. Burstow: To ask the Secretary of State for Social Security when she will be publishing details of the proposals set out in the Budget statement relating to disabled people on incapacity benefit. [7082]

Mr. Denham: The Government strongly believes that for people of working age work is the best form of welfare. We are committed to giving opportunities to sick and disabled people who have some capacity for work to do so. Some £200 million from the windfall levy has been set aside to fund this important programme of work and other measures.

Over the coming months we will be looking to see what changes are necessary to ensure that the particular needs of people who have disabilities or who have lost contact with the labour market because of long-term sickness are provided for. We will make more detailed announcements in due course.

Community Care Grants

Mr. Burstow: To ask the Secretary of State for Social Security if she will list the number of applications for community care grants, the number of applications which were turned down and the number of refusals as a percentage of the total number of applications in each of the last three financial years. [6971]

Mr. Keith Bradley: The Social Fund provides lump sum payments to help with exceptional or intermittent expenses. Applications to the discretionary Social Fund are made to the discretionary fund as a whole; not to parts of it. This means that an applicant may receive either a Community Care Grant or a loan depending on the social fund officer's assessment of the nature, extent and urgency of the need and the circumstances of the individual.

In 1995–96 for example, over half a million applicants who were refused a grant were instead awarded a loan. Similarly over 41,000 applications for budgeting loans were instead awarded a community care grant. Of those applicants who specifically request a Community Care Grant, the vast majority do not satisfy the appropriate criteria to demonstrate a grant is needed to promote care in the community. Over the three years to 1995–96, over 70 per cent. of the 1.25 million applications received annually for community care grants were refused on these grounds.

Further details can be found in the Department of Social Security's Annual Reports on the Social Fund which are available in the Library. The report for 1996–97 will be published later this month.

Freedom of Information

Mr. Keetch: To ask the Secretary of State for Social Security if she will publish her Department's submissions relating to freedom of information legislation. [6035]

Mr. Field *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given by the Prime Minister on 4 July, *Official Report*, columns *293–94*.

Written Answers to Questions

Thursday 10 July 1997

HOME DEPARTMENT

Elections (Communication Costs)

Mr. Burstow: To ask the Secretary of State for the Home Department in what circumstances communication costs for a blind, visually impaired or deaf person standing in *(a)* European, *(b)* parliamentary and *(c)* local authority elections may be exempted from the limits from the candidate's personal election expenses. [7087]

Mr. George Howarth: There is no statutory provision to exempt such costs at parliamentary or European parliamentary elections. The limit of £600 on a candidate's personal election expenses does not apply at local elections.

Immigration

Mr. Rooney: To ask the Secretary of State for the Home Department what advice is given to chief immigration officers on the handling of representations from hon. Members on deportation cases; and when this was last amended. [7767]

Mr. Mike O'Brien: Guidelines for hon. Members making representations in immigration cases have been published by the Immigration and Nationality Directorate and were most recently updated in April 1994. Officials who handle immigration cases raised by hon. Members are trained and have instructions about these guidelines. My right hon. Friend the Home Secretary and I are currently considering issuing new guidance and will be holding a seminar for hon. Members who would like a more detailed explanation of immigration work.

Correspondence

Mr. Winnick: To ask the Secretary of State for the Home Department when the hon. Member for Walsall, North will receive a reply to his letter of 14 May, ref. 7870/97. [7456]

Mr. Michael: I replied to the hon. Member's letter on 7 July.

Mr. Rooney: To ask the Secretary of State for the Home Department what instructions were given to Leeds/Bradford Airport immigration officers following the telephone conversation with his private office by the hon. Member for Bradford, North on 4 July concerning Zaffer Iqbal, Home Office ref. J270919. [7768]

Mr. Mike O'Brien: I am given to understand that, following the hon. Member's telephone call to my private office on 4 July, it was agreed that he would discuss Mr. Iqbal's immigration status with Mr. Iqbal himself and members of his family on 5 July and make further contact with my private office if he wished to make representations about the case. No agreement was given to defer arrangements for Mr. Iqbal's removal to Pakistan as an illegal entrant, which had been arranged for 16.40 hours on Sunday, 6 July.

My private office advised the Immigration Service at Leeds/Bradford airport of the hon. Member's interest in this case and that there might be further contact as a result.

In the event, I understand that the hon. Member did not make further contact with my private office and that his office did not make contact with the Immigration Service at Leeds/Bradford Airport before Mr. Iqbal's departure.

Police Act 1997

Mr. Beith: To ask the Secretary of State for the Home Department what guidance he intends to give as to the meaning of the word "urgency" in section 97(3) of the Police Act 1997. [6924]

Mr. Michael: The urgency of any case will depend upon individual circumstances and commonsense. It will be a matter for the authorising officer to assess whether the authorisation needs to become effective immediately and the Commissioner notified subsequently. The Commissioner will consider the reasonableness of that decision and may quash any authorisation or renewal which he believes has not reasonably been given.

Perjury

Mr. Gordon Prentice: To ask the Secretary of State for the Home Department, pursuant to his answer of 1 July, *Official Report*, column 77, on what date Mr. Jonathan Aitken was interviewed by police officers in connection with his alleged perjury in his discontinued libel action against *The Guardian*. [7787]

Mr. Michael: The Commissioner informs me that the investigations into the alleged offences by Mr. Aitken are continuing. This investigation is an operational matter for the Commissioner. I am therefore unable to comment on the details.

Theft Cases

Mr. Malins: To ask the Secretary of State for the Home Department what estimate he has made of the savings there would be to the Exchequer if all theft cases including less than £500 were dealt with by summary trial. [7470]

Mr. Michael: Court proceedings data collected centrally do not record the amount or value of items stolen. Therefore it is not possible to estimate the savings that would accrue if all theft cases involving less than £500 were dealt with summarily.

Mr. Malins: To ask the Secretary of State for the Home Department how many theft cases involving under £500 were disposed of in the Crown court in 1996; and how many of them resulted in a custodial sentence. [7487]

Mr. Michael: Court proceedings data collected centrally do not record the amount or value of items stolen.

In 1995, there were 10,219 cases dealt with at the Crown Court for offences of theft. Of these, 4,430 resulted in a custodial sentence.

1996 data will not be available until the autumn.

Drinking (Public Places)

Mrs. Ballard: To ask the Secretary of State for the Home Department when model byelaws will be in place to enable local authorities to control drinking in public places. [7440]

Mr. George Howarth: A model byelaw, prohibiting the consumption of intoxicating liquor in designated places within a local authority area after a request to stop by a police officer, has been available to local authorities since October 1990.

Probation Officers

Mr. Beith: To ask the Secretary of State for the Home Department how many probation officers there are; how many are currently seconded to the Prison Service; and what are the projected figures over the next five years. [7216]

Ms Joyce Quin: The number of probation officers at 31 December 1996 (the latest date for which figures are as yet available) was 7,313, of which 543 were working in prisons. The previous Government's spending plans for the probation service, as set out in the Home Office Annual Report 1997, envisaged expenditure of £428 million in the present financial year, falling to £425 million next year and £417 million in 1999–2000. We shall maintain central government support at the planned level this financial year, and consider what level of funding the probation service needs in future years, in order to provide community sentences which are effective and which command public confidence, as part of the comprehensive review of spending on Home Office services. It is then for individual probation committees to determine the number of probation officers which they can employ within total available provision to carry out their responsibilities under the Probation Service Act 1993.

The number of probation officers seconded to the Prison Service in future years will depend on the outcome of the comprehensive spending review and of discussions between governors and chief probation officers about the number of officers necessary to support effective throughcare in prisons, within governors' overall budgets.

Hunting with Hounds

Mr. Luff: To ask the Secretary of State for the Home Department what assessment he has made of the employment generated *(a)* directly and *(b)* indirectly by hunting with hounds. [7836]

Mr. George Howarth: A Private Member's Bill to ban hunting with hounds is currently before the House. This will provide the opportunity for Parliament to consider all the effects of a ban.

Obscenity Working Group

Rev. Martin Smyth: To ask the Secretary of State for the Home Department what plans he has to continue the work of the interdepartmental working group on obscenity. [5654]

Mr. Michael *[holding answer 7 July 1997]:* The Government attaches great importance to the work of the Interdepartmental Group on Obscenity which was established in 1995 and consists of officials from various Government Departments, the police and the Crown Prosecution Service with the task of monitoring developments in the area of obscenity, with particular reference to emerging trends in child and computer pornography; to identify any difficulties in enforcement or weaknesses in the relevant law; and to consider ways of overcoming them.

Up to now, the main subjects the Group has discussed have been the availability of pornographic material on the Internet and self-regulation by Internet service providers; police enforcement of the law on obscenity and child pornography; the display of indecent publications in newsagents; guidance on the sexual content of teenage magazines; international treaties on obscenity; the workings of the Obscene Publications Act 1959; unlicensed sex establishments; satellite pornography; the Home Office research study "Testing obscenity; an international comparison of laws and controls relating to obscene material"; and Lord Halsbury's Bill on obscenity.

HOUSE OF COMMONS

Opposition Benefits (Cost)

Mr. Gorrie: To ask the President of the Council if she will list the benefits and the monetary value of benefits granted to the official Opposition, other than those funded from the Short allocation to Opposition parties, with special reference to *(a)* salaries of Opposition Leader and Whips, *(b)* salaries and costs of civil servants attached to the Opposition Whips' Office, *(c)* the provision of a car and driver to the Leader of the Opposition and *(d)* the supply of newspapers to the Opposition Whips' Office. [6930]

Mrs. Ann Taylor: The information requested is as follows. All figures are per year.

(a) Salaries:

Leader of the Opposition:	£55,000
Opposition Chief Whip:	£31,125
Opposition Deputy Chief Whip:	£20,029
Assistant Opposition Whip:	£20,029
Total:	126,183

(b) The total salary bill is: £88,657

(c) £58,095

(d) The House authorities supply the Office with three copies of each of 12 daily newspapers for each day the House is sitting. An exact figure for the total cost is not readily available.

Workings of the House Review

Mr. Forth: To ask the President of the Council if she will give for the review of the workings of the House of Commons *(a)* the expected completion date and *(b)* the cost of conducting the review. [8244]

Mrs. Ann Taylor: The House has ordered that the Select Committee on the Modernisation of the practices and procedures of the House should seek to make a first report to the House before the Summer Adjournment and I expect it to do so. It is not yet possible to estimate the timing of future reports or the costs of the Committee's work.

Parental Leave

Mr. Mackinlay: To ask the hon. Member for Roxburgh and Berwickshire, representing the House of Commons Commission, what is the Commission's policy on parental leave for staff. [6663]

Mr. Kirkwood: The Commission's policy on parental leave is set out in the Staff Handbook. Parental leave covers entitlements to maternity leave as well as a range of discretionary provisions covering such circumstances as short term domestic crises, marriage, paternity leave, and a career break scheme which includes provision for the care of young children.

PRIME MINISTER

Armistice (80th Anniversary)

Mr. Mackinlay: To ask the Prime Minister if he will constitute a committee to consult other interested bodies, including the ex-service men's organisations, to commemorate the 80th anniversary of the Armistice on 11 November 1998; and if he will make a statement. [7273]

The Prime Minister: There are currently no plans to constitute a consultative committee for the commemoration of the 80th anniversary of the Armistice on 11 November next year.

The Government will continue to support the national Service of Remembrance held in London at the Cenotaph.

Hairdressing Costs

Mr. Fabricant: To ask the Prime Minister what budget exists for hairdressing for *(a)* the Prime Minister and *(b)* members of his family accompanying him on official visits overseas; and what payments were (i) initially authorised and (ii) paid for such expenses during the Prime Minister's recent visit to the United States for (1) the Prime Minister and (2) members of his family accompanying him. [7695]

The Prime Minister: The Government would in the normal way meet necessary expenses connected with official visits overseas. The costs of hairdressing during the Denver Summit were met privately.

Budget Leaks

Mr. Peter Bottomley: To ask the Prime Minister which Ministers or their staff gave information to the media in advance of the Budget speech by the Chancellor. [7815]

Mr. Bernard Jenkin: To ask the Prime Minister (1) what is the Government's policy on disclosure of information about the Budget prior to a Budget statement; [7072]

(2) what is his Government's policy on press briefing before the Budget statement. [7076]

The Prime Minister: I have nothing further to add to the replies that I gave to the Right hon. Member, the Leader of the Opposition, on 2 July, *Official Report*, columns *288–89*.

China

Mr. Vaz: To ask the Prime Minister when he plans to visit the People's Republic of China. [7168]

The Prime Minister: When we met in Hong Kong, the Chinese President, Jiang Zemin, invited me to visit China. I have no immediate plans to take advantage of the invitation, which I have accepted, but I would like to do so soon.

Mr. Vaz: To ask the Prime Minister if he will make a statement on his discussions in Hong Kong with the Chinese President Jiang Zemin. [7167]

The Prime Minister: My meeting in Hong Kong was the first with the Chinese President since taking office. This was an historic occasion and provided a unique opportunity to set the tune for future relations. I emphasised the importance of the Joint Declaration to Hong Kong's future. We both expressed a wish to improve and broaden bilateral relations.

Mr. Vaz: To ask the Prime Minister if he will make a statement on Anglo-Chinese relations. [7169]

The Prime Minister: We aim to build a new, broad and forward-looking relationship with China. Britain and China have substantial common interests, including a special interest in Hong Kong. We look forward to dialogue and closer co-operation across a full range of bilateral and global issues.

Indian Subcontinent (Visits)

Mr. Vaz: To ask the Prime Minister what plans he has to visit India in connection with the 50th anniversary of independence. [7170]

The Prime Minister: None at present, but I look forward to seeing the Indian Prime Minister at the Commonwealth Heads of Government Meeting in Edinburgh in October. Her Majesty the Queen will make a State Visit to India earlier that month.

Mr. Vaz: To ask the Prime Minister what plans he has to visit *(a)* Pakistan, *(b)* Bangladesh and *(c)* Sri Lanka. [7171]

The Prime Minister: None at present. I look forward to meeting the Heads of Government of all three countries at the Commonwealth Heads of Government Meeting in Edinburgh in October. Earlier that month Her Majesty the Queen will make a state visit to Pakistan to mark the 50th anniversary of independence.

10 Downing Street (Energy Efficiency)

Mr. Dafis: To ask the Prime Minister what measures have been taken during the past five years to improve the energy efficiency of 10 Downing Street; at what point on the National Home Energy Rating Scheme 10 Downing Street lies; and what future measures are planned to increase its energy efficiency. [7104]

The Prime Minister: Over the past five years, the Cabinet Office Estate, including 10 and 11 Downing Street, has had in place a programme to maximise energy efficiency and minimise waste. A reduction of 15 per cent. in energy consumption has been achieved over the period. The programme of work in support of increasing energy efficiency will continue.

The National Home Energy Rating Scheme is designed for use in assessing domestic energy efficiency and is not appropriate for application to buildings such as those in the Downing Street complex.

Millennium Celebrations

Mr. Baker: To ask the Prime Minister if he will make a statement on the division of responsibilities between the Secretary of State for National Heritage and the Minister without Portfolio in respect of the Millennium Exhibition at Greenwich. [4432]

The Prime Minister *[holding answer 23 June 1997]:* My right hon. Friend the Secretary of State for National Heritage has responsibility overall for arrangements to mark the Millennium nation-wide. The shares in Millennium Central Limited, the Millennium Exhibition operating company, are being transferred to my hon. Friend, the Minister without Portfolio. As sole shareholder, he will have detailed responsibility for preparation of the Exhibition.

Mr. Baker: To ask the Prime Minister if the decision to proceed with the Millennium Experience was taken by a vote within Cabinet. [6886]

The Prime Minister *[holding answer 7 July 1997]:* Details relating to proceedings of Cabinet and Cabinet Committees are not published.

Ministerial Committee on the Environment

Mr. Baker: To ask the Prime Minister for what reason membership of the Ministerial Committee on the Environment does not include the Secretary of State for Education and Employment. [6889]

The Prime Minister *[holding answer 7 July 1997]:* The Ministerial Committee on the Environment considers environmental policy issues. My right hon. Friend the Secretary of State for Education and Employment is invited to attend or be represented for items in which he has a departmental interest.

DEFENCE

Defence Medical Training Organisation

Mrs. Golding: To ask the Secretary of State for Defence if he will make a statement on the Defence Medical Training Organisation. [8516]

Dr. Reid: The Defence Medical Training Organisation (DMTO), which formed initially on 1 April 1996 and brought together the provision of individual medical services training previously provided on a single Service basis, was established as a joint Service Agency on 1 April 1997 under the control of a Chief Executive. The Headquarters of the DMTO will be based initially in Portsmouth, moving to HMS DOLPHIN in late 1998. The DMTO consists of the following:

(a) The Royal Defence Medical College, currently on two sites at Millbank, London and HMS DOLPHIN, Gosport. The London element will move to HMS DOLPHIN later this year.

(b) The Defence Medical Services Training, Keogh Barracks, Aldershot.

The aim of the Agency is to deliver individual medical services training, to prescribed standards, to meet the operational requirement.

The Chief Executive, Major General C. G. Callow OBE QHP L/RAMC, will be afforded greater responsibility and flexibility to build upon the reputation for excellence of medical services training. Thus the MOD will continue to have access to the training necessary to provide highly trained and motivated medical services personnel in support of military operations while ensuring best value for money is obtained.

The Chief Executive has been set the following key targets for the first year of operation:

1. To achieve the following success rates for the categories of training shown:

   Common Core Course: 90 per cent.

   Specialist Register: 95 per cent.

   Pre-Registration Nurses: 95 per cent.

2. To achieve £0.332 million savings in Year 1 and thereafter set targets in terms of annual reduction in unit cost of output.

3. To actively seek ways of improving the quality and relevance of medical services training by assisting customers to review their training objectives and to respond to customers within 3 months of each review.

4. To develop measures of unit cost of output which will allow targets for reduction to be set for Year 2 and beyond.

5. To develop an effective means of targeting timeliness.

6. To establish mechanisms for assessing customer satisfaction and set targets for Year 2 and beyond.

Copies of the Agency's Framework Document have been placed in the Library of both Houses.

Medical Supplies Agency

Mrs. Golding: To ask the Secretary of State for Defence what performance targets have been set for the Medical Supplies Agency for 1997–98. [8517]

Dr. Reid: Key Targets have been set for the Chief Executive of the Medical Supplies Agency for financial year 1997–98. The targets build on the progress already made by the Agency since it formed in March 1996 and are as follows:

(a) By 31 October 1997, to agree quantifiable performance standards for building, holding, maintaining and supplying the agreed number of kits, outfits and associated items of equipment, as defined in endorsed Equipment Tables. To set challenging targets for the remainder of 1997–98 with a view to improving standards in 1998–99.

(b) To meet 100 per cent. of the Services requirements for stocked medical material and blood products for operations, training and exercises as defined by the Service Level Agreements.

(c) To ensure, in conjunction with HQ Land and the single Service manning branches, 100 per cent. provision of professional and militarily trained personnel for 84 FMED.

(d) During financial year 1997–98, to meet 95 per cent. of the timeliness and quality targets using JSP 336 Pam (1996 Standard Priority System) as the minimum benchmark standard.

(e) To deliver efficiency savings to a value of £4.6 million in 1997–98.

(f) As an integral part of the Surgeon General's Information Strategy, to publish the Agency's Information Strategy by January 1998.

Defence Dental Agency

Mr. Jim Murphy: To ask the Secretary of State for Defence what performance targets have been set for the Defence Dental Agency for 1997–98. [8562]

Dr. Reid: Key Targets have been set for the Chief Executive of the Defence Dental Agency for financial year 1997–98. The targets build on the progress already made by the Agency since it formed in March 1996 and are as follows:

(a) From within available personnel resources, to achieve 100 per cent. of required professionally and militarily trained personnel, at the specified readiness required for deployment in support of the National Contingency Force.

(b) For each Service, to maintain the agreed dental fitness targets of 75 per cent. of all Service personnel and 90 per cent. in priority groups, to be fit for deployment.

(c) By 28 February 1998 to have developed a performance indicator to measure the outstanding treatment need and have set a baseline of performance to enable challenging targets to be set for 1988–99 onwards.

(d) By 28 February 1998 to have developed a performance indicator to measure the improvements in the failure to attend rate and have set a baseline of performance to enable challenging targets to be set for 1988–99 onwards.

(e) By 28 February 1998 to have developed a performance indicator to measure the improvement in dental morbidity and have set a baseline of performance to enable challenging targets to be set for 1988–99 onwards.

(f) To complete all Service Level Agreements with major customers and other Agencies by 31 December 1997, and develop a system of ongoing review to allow maintenance of SLAs in successive years.

Defence Secondary Care Agency

Mr. Jim Murphy: To ask the Secretary of State for Defence what performance targets have been set for the Defence Secondary Care Agency for 1997–98. [8563]

Dr. Reid: Key targets have been set for the Chief Executive of the Defence Secondary Care Agency for financial year 1997–98. The targets build on the progress already made by the Agency since it formed in April 1996 and are as follows:

(a) From within available personnel resources, to meet 100 per cent. of the Services' requirements for secondary care skill mix in support operations.

(b) To ensure that 50 per cent. of Service patients are offered a first outpatient appointment within 4 weeks of receipt of a referral, and 90 per cent. within 13 weeks.

(c) To ensure that 75 per cent. of Service patients are offered a treatment date that is within three months of the decision to give inpatient treatment.

(d) To reduce average DSCA Finished Consultant Episodes (FCE) costs by 3 per cent. over the course of the year.

(e) By 31 March 1998, to develop and implement a co-ordinated quality strategy for patient care and a mechanism for assessing performance against the strategy.

(f) To ensure that 80 per cent. of all DSCA Service personnel, whose medical category permits it, receive the annual military training which is mandatory within their Service.

(g) To ensure that 80 per cent. of places on all exercises covered by relevant Service Legal Agreements with Commanders in Chief are filled by DSCA staff within the appropriate specialities.

Regimental Museums

Mr. Chaytor: To ask the Secretary of State for Defence what the *(a)* actual and *(b)* percentage change was in the Government funding of regimental museums between 1997–98 and 1998–99. [7113]

Mr. Spellar: We have advised museum trustees that there will be an overall reduction of 12.7 per cent. in the contribution the Ministry of Defence makes to the funding of regimental and corps museums from April 1998. At current prices, this will mean that the 65 regimental and corps museums in mainland Britain will be required to share a reduction of £138,466 per annum from that date.

Mr. Chaytor: To ask the Secretary of State for Defence if he will list the regimental museums currently maintained out of public funds. [7112]

Mr. Spellar: The Ministry of Defence contributes some funding to 69 regimental and corps museums. They are listed below:

Museum	*Location*
Queen's Dragoon Guards	Cardiff
Royal Scots Dragoon Guards	Edinburgh
Royal Dragoon Guards	York
Queen's Royal Hussars	Eastbourne
	Warwick
9th/12th Royal Lancers	Derby
King's Royal Hussars	Preston
Light Dragoons	Newcastle upon Tyne
Queen's Royal Lancers	Belvoir Castle
Royal Armoured Corps and Royal Tank Regiment	Bovington
Royal Regiment of Artillery	Woolwich
Corps of Royal Engineers	Chatham
Royal Corps of Signals	Blandford
Foot Guards	London
Royal Scots	Edinburgh
Royal Highland Fusiliers	Glasgow
King's Own Scottish Borderers	Berwick upon Tweed
Black Watch	Perth
Highlanders	Aberdeen
	Fort George
Princess of Wales's Royal Regiment	Dover
	Winchester
	Guildford
Royal Regiment of Fusiliers	Alnwick
	Warwick
Royal Anglian Regiment	Bury St. Edmunds
	Norwich
King's Own Royal Border Regiment	Carlisle
Prince of Wales's Own Regiment of Yorkshire	York
Green Howards	Richmond
York and Lancaster Regiment	Rotherham
Devonshire and Dorset Regiment	Dorchester
Cheshire Regiment	Chester
Royal Welch Fusiliers	Caernarfon
Royal Regiment of Wales	Cardiff
	Brecon
Royal Gloucester, Berkshire and Wiltshire Regiment	Gloucester
	Salisbury
Worcester and Sherwood Foresters Regiment	Worcester
	Nottingham
Staffordshire Regiment	Lichfield
Light Infantry	Winchester
	Bodmin
	Shrewsbury
Royal Green Jackets	Winchester

Museum	*Location*
Royal Irish Regiment	Enniskillen
Parachute Regiment	Aldershot
Gurkhas	Winchester
Royal Army Medical Corps	Aldershot
Royal Army Dental Corps	Aldershot
Queen Alexandra's Royal Army Nursing Corps	Aldershot
Corps of Royal Electrical and Mechanical Engineers	Arborfield
Army Air Corps	Middle Wallop
Royal Army Chaplains' Department	[1]Upavon
Adjutant General's Corps (Royal Military Police)	Chichester
Army Physical Training Corps	Aldershot
Household Cavalry	Windsor
King's Royal Hussars	Winchester
Light Dragoons	Barnsley
Argyll and Sutherland Highlanders	Stirling
Royal Regiment of Fusiliers	London
	Bury
Royal Anglian Regiment	Chelmsford
	Northampton
Queen's Lancashire Regiment	Preston
Royal Irish Regiment	Ballymena
	Armagh
Royal Logistic Corps	Camberley
Royal Irish Regiment	Belfast

[1] The Chaplains' Department Museum is currently in store at Upavon and closed to the public awaiting transfer to Netheravon.

Strategic Defence Review

Mrs. Betty Williams: To ask the Secretary of State for Defence what consideration is being given to his Department's procurement plans in the Strategic Defence Review. [8518]

Dr. Reid: One of the aims of the Strategic Defence Review is to ensure that the Armed Forces are properly equipped to undertake the tasks asked of them. Our procurement plans will therefore be considered as part of the Review, including projects already on contract.

However, during the review there will be no moratorium and projects where contracts have already been placed will continue. Decisions on major equipment programmes not yet under contract will be considered on their individual circumstances in relation to progress with the Review.

Departmental Property

Mr. Key: To ask the Secretary of State for Defence if he will list the property and assets owned, leased or rented by his Department and its agencies at home and overseas, stating their current value and their current use. [7151]

Dr. Reid: The information requested is not yet available. As part of the Department's preparation for the introduction of Resource Accounting on 1 April 1998 an exercise to identify, register and value departmental assets is currently being undertaken. However, the scale of the exercise is considerable and the work will not be concluded until next year.

Open Government Review

Ann Clwyd: To ask the Secretary of State for Defence what discussions he has had with the chief executive of the Defence Evaluation and Research Agency about the Government's Review on Open Government. [7251]

Dr. Reid: None. The Defence Evaluation and Research Agency, like all my Department's Agencies, is, of course, subject to the Code of Practice on Access to Government Information.

Britannia

Mr. Desmond Turner: To ask the Secretary of State for Defence what is his Department's policy towards the presentation of the Royal Yacht Britannia. [7579]

Dr. Reid: The Government is considering the future of Her Majesty's Yacht Britannia in the light of proposals for preservation submitted by several organisations.

Regiment Manning Levels

Mr. Bob Russell: To ask the Secretary of State for Defence if he will list, for each regiment, the number by which it was below complement on 30 April; and what plans he has to bring each up to its complement. [6817]

Dr. Reid *[pursuant to his answer, 8 July 1997, c. 422–24]:* I regret that the information on the manning level against the complement within the Household Cavalry and Royal Armoured Corps (RAC) were omitted in error. The information is set out in the following table.

Regiment	*Manning level*
Household Cavalry	
Household Cavalry Regiment	–22
Household Cavalry Mounted Regiment	–38
Total	–60
Royal Armoured Corps	
Queens Dragoon Guards	–23
Scots Dragoon Guards	–38
Royal Dragoon Guards	–4
Queens Royal Hussars	–51
9/12 Lancers	–45
Kings Royal Hussars	–42
Light Dragoons	–5
Queens Royal Lancers	–39
1st Royal Tank Regiment	–39
2nd Royal Tank Regiment	+28
Total	–258

Prisoners of War (Pay)

Mr. Gibb: To ask the Secretary of State for Defence when the report following the Review of Officer Prisoners of War Protected Personnel Pay Deductions will be published. [7556]

Mr. Spellar: I refer the hon. Member to the reply I gave to the hon. Member for Galloway and Upper Nithsdale (Mr. Morgan) on 11 June (*Official Report*), column *485*.

Defence Test and Research Organisation

Mr. Key: To ask the Secretary for Defence if he will place in the Library a copy of the report on the strategic review initiated by the Defence Evaluation and Research Agency in 1996 into the Defence Test and Evaluation Organisation; and if he will make a statement. [6429]

Mr. Spellar: There has not been a "strategic review" of DTEO but in 1996 there was a review of the mixture of contracts that were in place to support the DTEO ranges. The outcome of this review was made public in December 1996.

Maritime Patrol Aircraft

Mr. Key: To ask the Secretary of State for Defence what are the estimated costs for the next 10 years for the replacement maritime patrol aircraft. [6752]

Mr. Spellar: The total procurement cost of the Nimrod 2000 replacement maritime patrol aircraft is around £2 billion. The Department's internal plans represent projections and assumptions which inform advice to Ministers on the affordability of particular elements of the Defence programme. Accordingly, I am withholding the information requested under exemption two of the Code of Practice on Access to Government Information. In addition, disclosure of some elements of this information could prejudice the competitive position of the Department in future negotiations with contractors and reveal commercially confidential data. Accordingly, exemptions 7 and 13 of the Code also apply.

Defence Sales

Sir George Young: To ask the Secretary of State for Defence how many meetings he has had with ministerial colleagues at the Foreign and Commonwealth Office and Department of Trade and Industry on the defence sales policy review. [6650]

Mr. Spellar: My right hon. Friend Secretary of State for Defence has had a number of formal meetings with my right hon. Friends the Foreign Secretary and the President of the Board of Trade at which the criteria used in considering licence applications for the export of conventional arms were discussed.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for Defence if he will make a statement on his Department's timetable for dealing with the year 2000 computer problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7132]

Mr. Spellar: The Ministry of Defence programme for dealing with the Year 2000 Computer Problem is led by the Director General Information and Communication Services (DGICS). The programme complies with guidelines issued by the Cabinet Office and CCTA Year 2000 Public Sector Group which call for costed programmes to modify or replace affected systems to be in place by October of this year with all work on critical systems completed by 31 December 1998. DGICS heads a coordination group of MOD Top Level Budget Holders to direct the programme. Projet managers have been appointed throughout the Department to oversee work on systems in their respective areas of responsibility. A Year 2000 awareness campaign has been mounted and private sector computing assistance is being provided to Year 2000 projects. It is too early to say what the final costs might be, but work to identify and cost the necessary remedial measures is on schedule to be completed by October, when the results will be reported to the Cabinet Office in accordance with the overall Government timetable.

Gulf War Syndrome

Mr. Llew Smith: To ask the Secretary of State for Defence what assessment he has made of the analysis by Professor Graham Rook and Dr. Alimuddin Zumla of University College, London, published in *The Lancet*, on the relationship between vaccines, exposure to insecticides and Gulf War illness. [6949]

Dr. Reid: Officials in my Department have held discussions with Professor Rook and Dr. Zumla concerning their hypothesis. Whenever my Department receives suggestions for additional research into subjects which could have a bearing on Gulf veterans' illnesses, our advice is always that the researcher(s) should submit a formal proposal to the Medical Research Council. I understand that Professor Rook and Dr. Zumla intend to submit a proposal for work to test their hypothesis in due course and we therefore await the MRC's advice.

Equipment Exhibition (Farnborough)

Mr. Flynn: To ask the Secretary of State for Defence, pursuant to his answer of 5 June, *Official Report*, columns *220–21*, for what reasons *(a)* Algeria, *(b)* Belgium, *(c)* Russia and *(d)* Sri Lanka have not been invited to send delegations to the forthcoming Royal Navy and British Army Equipment Exhibition in Farnborough. [7324]

Mr. Spellar *[holding answer 8 July 1997]:* Invitations to the Royal Navy and British Army Equipment Exhibition are influenced by a number of factors including our perception of market opportunities for British defence companies as well as our political, strategic and security interests. Taking into account all of these factors, Algeria, Russia and Sri Lanka were not seen as priority candidates on this occasion; Belgium has now been invited.

ATTORNEY-GENERAL

Crown Prosecution Service

Mr. Malins: To ask the Attorney-General what proportion of those employed by the Crown Prosecution Service are qualified *(a)* solicitors and *(b)* barristers. [7472]

The Attorney-General: As at 30 June 1997, the Crown Prosecution Service employed 2,106 qualified lawyers. Of those, 1,520 (72 per cent.) are employed as solicitors and 586 (28 per cent.) are employed as barristers.

LORD CHANCELLOR'S DEPARTMENT

Legal Aid

Mr. Malins: To ask the Parliamentary Secretary, Lord Chancellor's Department what measures he plans to cut the criminal legal aid bill. [7471]

Mr. Hoon: Sir Peter Middleton has been appointed to undertake a review of civil justice and legal aid reforms. The review will cover criminal legal aid. Sir Peter is to produce a preliminary report by the end of September. No decisions about legal aid will be made in advance of the report.

Mr. Malins: To ask the Parliamentary Secretary, Lord Chancellor's Department what was the cost to the Exchequer in legal aid in the Crown Court of *(a)* barristers and *(b)* instructing solicitors, in the most recent year for which figures are available. [7466]

Mr. Hoon: The cost to legal aid in the Crown Court for 1996–97 was as follows:

	1996–97
	£ million
Solicitors	141.85
Barrister[1]	172.93
Total	314.78

[1] The expenditure on barristers includes £0.25 million in respect of graduated fees which may include a small proportion of costs for solicitor advocates.

Consumer Protection

Mrs. Gillan: To ask the Parliamentary Secretary, Lord Chancellor's Department when his Department will allow consumer protection bodies to seek injunctions to stop traders contravening consumer protection rights. [7781]

Mr. Hoon: On the 23 May the Lord Chancellor announced that he had decided that a change in the law was needed to open up the courts in England and Wales to allow representative actions. This would allow an organisation such as a consumer group to take action on behalf of an individual whose rights had been infringed. A working group is being set up to consider to whom the new rights and duties might extend and to work on the new procedures and rules.

Gwent Magistrates' Courts

Mr. Rowlands: To ask the Parliamentary Secretary, Lord Chancellor's Department what was the amount transferred from Mid Glamorgan to the Gwent magistrates' courts following the change in boundaries; and how much of that money has been spent to date and upon which projects. [6836]

Mr. Hoon: The South Wales and Gwent Magistrates' Courts Committees notified the Lord Chancellor's Department in February 1997 that the amount required to be transferred from the South Wales Magistrates' Courts Committee to the Gwent Magistrates' Courts Committee in respect of the transfer of the Upper and Lower Rhmney Valley Petty Sessional Division areas from the former Mid Glamorgan Magistrates' Courts Committee to the Gwent Magistrates' Courts Committee should be £456,805 for 1996–97 and £460,072 for 1997–98. No information is held nationally on how much of that transfer has been spent to date or how it has been spent.

Gwent Justices

Mr. Rowlands: To ask the Parliamentary Secretary, Lord Chancellor's Department what is the present annual cost of *(a)* the Gwent Justices' chief executive and his staff and *(b)* of the lease and accommodation of the chief executive and staff. [6835]

Mr. Hoon: *(a)* In its annual magistrates' courts revenue grant claim return to the Lord Chancellor's Department for 1995–96, the Gwent County Council reported that total expenditure by it on salaries, special or additional allowances and national insurance and superannuation contributions for the Gwent Magistrates' Courts Committee was £1,722,568 of which £66,250 was in respect of the Justices' Chief Executive. 1995-96 is the most recent financial year for which such expenditure information is currently available. No breakdown is available between expenditure on staff working directly and immediately to the Justices' Chief Executive and between other staff employed by the Gwent Magistrates' Courts Committee.

(b) In a return submitted by the Gwent Magistrates' Courts Committee to the Lord Chancellor's Department in September 1996, it estimated that the 1997–98 rental cost of Gwent House, Cwmbran, where its Justices' Chief Executive's office is located, would be £58,200. It also estimated that the 1997–98 business rates liability would be £18,176. No other information is held nationally about the cost of the lease and accommodation of the Justices' Chief Executive.

Crown Courts

Mr. Malins: To ask the Parliamentary Secretary, Lord Chancellor's Department what percentage of the cases heard in the Crown Court in 1996 were heard there at the defendants' request. [7486]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Humfrey Malins, dated 10 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the percentage of cases heard in the Crown Court at the defendant's request.

The information requested is not held centrally and can only be obtained at a disproportionate cost.

Mr. Malins: To ask the Parliamentary Secretary, Lord Chancellor's Department what proportion of all Crown Court cases in 1996 resulted in a non-custodial disposal. [7468]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Humfrey Malins, dated 10 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the proportion of cases in 1996 that resulted in a non-custodial disposal.

The information requested is not available as each case can involve several defendants and the sentences imposed on them may vary. However, 39 per cent. of defendants who pleaded, or were found guilty, in the Crown Court in 1996 received a non-custodial

sentence, a total of 29,160 defendants. In addition, 49 per cent. of the defendants who were referred to the Crown Court for sentencing only received a non-custodial sentence, a total of 6,917 defendants.

Mr. Malins: To ask the Parliamentary Secretary, Lord Chancellor's Department what is the average cost per day to the Exchequer of each Crown Court. [7469]

Mr. Hoon: The question concerns a matter which has been assigned to the Court Service under the terms of its framework document. I have therefore asked the Chief Executive to write to the hon. Member.

Letter from Michael Huebner to Mr. Humfrey Malins, dated 10 July 1997:

The Parliamentary Secretary of the Lord Chancellor's Department has asked me to reply to your Question about the average cost per day of each Crown Court.

Information about the cost of each Crown Court Centre is not held centrally and can only be obtained at a disproportionate cost. However, I can report that the average cost per day of a court room in use in the Crown Court is £7,800. This includes all costs to the Exchequer, such as the cost of the judiciary, juries, staff, accommodation, Legal Aid, the Prison Service, the Probation Service and prosecution and police costs.

FOREIGN AND COMMONWEALTH AFFAIRS

Immigration (Computer Problems)

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement concerning the computer problems at the United Kingdom post at Islamabad. [6589]

Mr. Fatchett: We have recently been carrying out urgent work to improve the handling of very large volumes of data held on the computer system in the Visa Section of the British High Commission in Islamabad. Unfortunately, a number of technical difficulties have caused that system to crash several times during that period. This has prevented staff from gaining access to data bases to carry out the necessary checks on applications. We are making every effort to ensure that the system functions properly. In the meantime, the Section is running a restricted service, dealing with compassionate cases and applications for settlement from those joining family already in the UK. We also have in hand arrangements for the installation of a completely new system, which we intend will come into operation within a few weeks.

Mr. Eamon Peter Helly

Mr. Beard: To ask the Secretary of State for Foreign and Commonwealth Affairs what position has been reached by the Indian authorities in investigating the murder of Mr. Eamon Peter Helly in Goa on 8 November 1991; and if he will urge the Indian authorities to proceed with their inquiries and bring charges without delay. [6885]

Mr. Fatchett: I would like to express my sympathy to Mr. Helly's family over this tragic case. The Indian authorities are still investigating.

DNA tests have been conducted. A suspect was arrested but subsequently released on bail.

On 4 July the Indian Ministry of External Affairs said they still awaited a report from the Indian Central Bureau of Investigation. Our High Commission will continue to press the Indian authorities for the report to be made available as quickly as possible.

Sri Lanka

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the recent discussions between his Minister of State and the Foreign Minister of Sri Lanka. [7175]

Mr. Fatchett: I met the Sri Lankan Foreign Minister, Mr. Kadirgamar, on 5 June. We discussed bilateral relations and the current situation in Sri Lanka, including the Sri Lankan government's effort to find a resolution to the ethnic conflict.

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs what proposals Her Majesty's Government have advanced regarding the possibility of playing a mediating role in the ethnic conflict in Sri Lanka. [7176]

Mr. Fatchett: We have said publicly that we stand ready to help in the resolution of the ethnic conflict in Sri Lanka if both sides ask us to play a role.

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs when he plans to visit Sri Lanka. [7177]

Mr. Fatchett: My right hon. Friend, the Secretary of State for Foreign and Commonwealth Affairs, has no plans to visit at present, but I hope to do so before very long.

Anglo-Chinese Relations

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on Anglo-Chinese relations. [7179]

Mr. Fatchett: I refer the hon. Member to the reply my right hon. Friend the Prime Minister gave today.

Mr. David Mathieson

Mr. Blunt: To ask the Secretary of State for Foreign and Commonwealth Affairs if members of the News Department at the Foreign and Commonwealth Office are required to assist Mr. David Mathieson with his work. [7696]

Mr. Robin Cook: No.

INTERNATIONAL DEVELOPMENT

Strategic Defence Review

Mr. Key: To ask the Secretary of State for International Development if she will list the dates and attendees, by department and grade, of meetings of officials which have taken place in her Department on the strategic defence review. [7152]

Clare Short: Development issues of relevance to the Strategic Defence Review have been discussed on a number of occasions in my Department. My officials are also involved as appropriate in inter-departmental consultations on the Review.

Montserrat

Mr. Grant: To ask the Secretary of State for International Development what further consideration she has given to the needs of the people of Montserrat following the recent volcanic eruptions. [8564]

Clare Short: Immediately following the volcanic activity two weeks ago, my department gave immediate approval for vital emergency work such as transport services, communications equipment and maintaining of fuel and food supplies and sanitation.

We have also been looking urgently at the best way of providing temporary shelter and upgrading health care for those displaced on Montserrat. I have now approved a further £6.5 million to help build emergency shelter for those left homeless. I also approved £450,000 for emergency repair work on the hospital at St. Johns.

At the same time we want to give the people of Montserrat real choices about their future; and will be undertaking a full consultation process within weeks.

NATIONAL HERITAGE

Sporting Events (Televising)

Kali Mountford: To ask the Secretary of State for National Heritage what progress has been made in his review of the sporting events listed for live television broadcasting purposes; and if he will make a statement. [8410]

Mr. Fisher: We announced on 16 May that we would review the list of events which must be made available for general free to air broadcast under the 1996 Broadcasting Act, in line with our policy of ensuring that broadcasts of events of genuine national interest are available to the many not the few. As part of that review we are developing criteria to help decide which events fall into this category. We believe that an agreed set of criteria would make the listing process more consistent and more transparent; and would be helpful to broadcasters, sports bodies and viewers; and would assist my right hon. Friend the Secretary of State in considering which events should be listed. My right hon. Friend wrote today to sports bodies, broadcasters and organisations representing viewers and listeners to seek their views on these listing criteria.

BBC

Sir Teddy Taylor: To ask the Secretary of State for National Heritage if he will make a statement on the extent of the control still exercised by Her Majesty's Government on the management of the BBC; if he was consulted over the pay rises for chief executives of the Corporation; and if he will make a statement. [7794]

Mr. Fisher: Under the terms of its Royal Charter, rates of remuneration and conditions of employment for BBC employees are a matter for the Corporation itself. The Government has no locus to intervene. It is for the BBC Governors to ensure that they are delivering good value for money and paying only what is necessary, in a competitive market, to attract and retain the staff needed to maintain high quality services.

Tourism

Mr. Gordon Marsden: To ask the Secretary of State for National Heritage what proposals he has to increase Britain's share of world tourism. [6576]

Mr. Tom Clarke: We set out our main priorities for tourism in the "Breaking New Ground" document. These include: a positive approach from government to the industry; effective marketing of Britain overseas; reinvigorating domestic tourism; improving the quality of the product; jobs, training and investment in people; and sustainable development. We will work in partnership with the industry and others to pursue these priorities and ensure that Britain has a world class tourism industry.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Departmental Advisers

Mr. Alan Simpson: To ask the Secretary of State for the Environment, Transport and the Regions if he will list each person advising or assisting his Department who has *(a)* membership of and *(b)* involvement in (i) the European Round Table of industrialists, (ii) the European Centre for Infrastructure Studies, (iii) the Competitiveness Advisory Group, (iv) Transatlantic Business Dialogue, (v) the Association for the Monetary Union of Europe, (vi) Union of Industrial and Employers Confederations of Europe, (vii) Europa Bio and (viii) the World Business Council for Sustainable Development. [5309]

Angela Eagle: Membership of the European Round Table of Industrialists, the Competitiveness Advisory Group and the Transatlantic Business Dialogue is on a personal basis. No-one who presently advises or assists in this Department is a member of any of these groups.

Membership of the European Centre for Infrastructure Studies, the Association for the Monetary Union of Europe, the Union of Industrial and Employers Confederations of Europe, Europe Bio, and the World Business Council for Sustainable Development is on a corporate basis. Representatives from companies and organisations involved with these groups may advise Departments from time to time.

Regional Development Agencies

Mr. Kemp: To ask the Secretary of State for the Environment, Transport and the Regions if he will include in the legislation for the creation of regional development agencies proposals to allow those regions he considers have the necessary expertise and experience to become shadow agencies or pilot schemes in advance of 1 April 1999. [6641]

Angela Eagle: On 11 June the Government launched a wide-ranging consultation on our proposals for setting up regional development agencies in England. It is too early to say what transitional arrangements might be made in

advance of the agencies beginning operation, but we have invited views on this. Any such arrangements will build on the good work already being done at the regional level.

Non-domestic Rates

Mrs. Ballard: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on the future of national non-domestic rates. [7347]

Mr. Raynsford: We have said in our Manifesto that there are sound democratic reasons why business rates should be set locally. We are currently considering the options to achieve this. No changes will be made until we have fully consulted businesses, local authorities and other interested parties.

Valuation Tribunals

Mr. Winnick: To ask the Secretary of State for the Environment, Transport and the Regions when the hon. Member for Walsall, North will receive a reply to his letter of 20 May on valuation tribunals. [7457]

Ms Armstrong: A letter was sent to the hon. Member on 9 July 1997.

Air Quality Management

Mr. Baker: To ask the Secretary of State for the Environment, Transport and the Regions when he intends to lay regulations before Parliament under the Environment Act 1995 to introduce local authority powers for air quality management. [7583]

Angela Eagle: An announcement on the commencement of local authority duties under Part IV of the Environment Act will be made in due course.

Council Tax (Mobile Homes)

Mr. Laurence Robertson: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his Department's policy on the payment of council tax by residents who live in mobile homes. [7592]

Mr. Raynsford: The council tax is payable in respect of all chargeable dwellings include mobile homes and caravans which are a person's sole or main residence. All dwellings are placed into a valuation band determined by their open market value on 1 April 1991.

Compulsory Competitive Tendering

Mr. Lansley: To ask the Secretary of State for the Environment, Transport and the Regions if his Department defines a publicly funded body with a contract under a compulsory competitive tendering project as being in the public sector; and if he will make a statement. [7586]

Mr. Raynsford: A local authority may undertake a defined activity if it has satisfied the six competition conditions set out in the legislation governing compulsory competitive tendering. A joint venture company or other local authority company may also undertake a defined activity and, if the company is controlled or influenced by the authority, as defined in Part V of the Local Government and Housing Act 1989, it is regarded as being in the public sector.

Regional Development Offices, Cambridge

Mr. Lansley: To ask the Secretary of State for the Environment, Transport and the Regions in what accommodation he proposes to locate the Regional Development Agency and the Regional Representative Body for East Anglia; and what assessment he has made of the potential of City House, Cambridge, in this respect. [7485]

Angela Eagle: On 11 June the Government launched a wide-ranging consultation on its proposals for setting up regional development agencies in England. It is too early to say where the head offices of the agencies will be located.

Homelessness

Mr. Timms: To ask the Secretary of State for the Environment, Transport and the Regions how many people are classified by his Department as homeless in *(a)* Newham *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest and *(f)* Barking and Dagenham; what this figures is as a proportion of the population; and what are the corresponding figures for the United Kingdom. [6857]

Mr. Raynsford *[holding answer 7 July 1997]:* Local authorities in England report to my Department, on their quarterly P1E return, the number of households for which they accept responsibility to secure accommodation under the homelessness provisions of the Housing Act 1985. The latest report date for 1996 for the Boroughs listed are as follows:

London borough	*Households accepted as homeless*	*Annual acceptances per 1,000 households*
Barking and Dagenham	170	2.7
Hackney	[1]830	[2]13.5
Newham	[3]224	[2]10.5
Redbridge	324	3.6
Tower Hamlets	[1]536	[2]10.5
Waltham Forest	771	8.3

[1] Part-year information for 3 quarters only.
[2] Scaled up to an annual rate.
[3] Part-year information for 1 quarter only.

The corresponding estimates for England are total acceptances in 1996 of some 116,870 households and 5.9 acceptances per 1,000 households. For information about other parts of the United Kingdom, I refer my hon. Friend to my right hon. Friends the Secretaries of State for Scotland, for Wales and for Northern Ireland.

Power Boats

Mr. Wigley: To ask the Secretary of State for the Environment, Transport and the Regions by what means his Department intends local authorities should control the use of *(a)* jet skis and *(b)* other powered boats in the vicinity of bathing beaches in the absence of a general registration system. [6951]

Ms Glenda Jackson *[holding answer 7 July 1997]:* As I said in my reply to the hon. Member for Southport (Mr. Fearn) on 27 June 1997 *Official Report,* column 672, local authorities already have powers to make byelaws to regulate seaside pleasure boats for the prevention of danger, obstruction or annoyance to persons bathing in the sea or using the seashore.

The safe use of recreation craft is promoted by the Coastguard Agency and other bodies including the Sea Safety Liaison Group established by the Royal National Lifeboat Institution. The Coastguard Agency is analysing the response to the consultative document it issued on "Non-legislative measures for the improvement of safety of non-regulated pleasure vessels".

AGRICULTURE, FISHERIES AND FOOD

Staff Relocation, Cambridge

Mr. Lansley: To ask the Minister of Agriculture, Fisheries and Food what plans he has to relocate staff presently working in Government offices at Brooklands Avenue, Cambridge, in order to free the site for suitable redevelopment. [7484]

Mr. Rooker: The buildings on the Brooklands Avenue site, Cambridge, are of temporary wartime construction and are now reaching the end of their lives. We are therefore looking to provide suitable accommodation for the staff who work on the site. Proposals are being prepared to redevelop the site, in accordance with the Cambridge City Local Plan.

BSE (Organophosphates)

Mr. Gill: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the relationship between the use of organophosphates in the treatment of cattle and the incidence of BSE. [7352]

Mr. Rooker: The original epidemiological investigation into BSE carried out in 1987 considered any possible association between the use of agricultural chemicals, including organophosphate insecticides, and the occurrence of BSE. None was found.

More recently, SEAC invited Mr. Purdey, a leading proponent of the theory of a link between the use of organophosphates and the occurrence of BSE, to address their meeting of 15 April 1997. The meeting was also attended by experts from the Advisory Committee on Pesticides and the Veterinary Products Committee. They did not form a view on the validity of the theory, but they did agree further avenues of enquiry into this issue. They will consider the matter again when additional data are available.

Beef Imports

Mr. Gill: To ask the Minister of Agriculture, Fisheries and Food what assessment he has made of the reliability of the documentation accompanying imported beef in respect of its description and its health status. [7351]

Mr. Rooker: All consignments of beef imported from third countries are subject to veterinary checks, including a documentary check in all cases, at the point of entry into the Community. Centrally held records of veterinary checks on all imports of fresh meat and meat products (beef is not separately identified), revealed documentary irregularities in only 0.6 per cent. of all consignments during 1996.

Production of beef in Member States is governed by harmonised rules which places the onus on the Member State of origin to ensure that the beef has been produced in compliance with those rules. On arrival at a GB premises, Community beef is subject to document and health mark check, either by the Official Veterinary Surgeon or by the owner of the premises, to ensure that the goods have been produced in accordance with these rules. There is no centrally held record of this trade which is governed by Single Market principles.

BSE (Compensation Payments)

Mr. Swayne: To ask the Minister of Agriculture, Fisheries and Food by how much he plans to reduce BSE compensation payments; and what assessment he has made of the effect of this proposal on farmers who rear late developing store cattle. [7321]

Mr. Rooker: The European Commission, with the support of the Government, has decided with effect from 4 August to reduce Over Thirty Months Scheme (OTMS) compensation payments for cull cows from 0.9 ECU (around 65p) per kilogram to 0.8 ECU (around 58p) per kilogram liveweight. Compensation payments for all other cattle, including clean cattle, remain at 0.9 ECU per kilogram. Compensation for all OTMS cattle will be subject to a limit of 560 kilograms per animal.

Clean cattle (including the late developing store cattle to which the hon. Member refers) will be the principal animals affected by this limit as these tend to be slaughtered at weights above 560 kilograms. However, we believe that farmers should be looking to finish their clean cattle at under 30 months of age and thus to sell them onto the market rather than into the OTMS. The Beef Assurance Scheme nevertheless provides an outlet for clean cattle from low risk, late maturing herds to be finished and sold at up to 42 months of age.

Beef

Mr. Baker: To ask the Minister of Agriculture, Fisheries and Food what volume of beef imported into the United Kingdom in 1996 was seized as being suspected of being unfit for human consumption; if he will list the countries of origin of such beef indicating the volume from each country; and if he will make a statement. [4652]

Mr. Rooker *[holding answer 20 June 1997]:* All consignments of beef imported from third countries are, on entry to the Community, subject to veterinary checks at border Inspection Posts specifically approved for this purpose. GB's border inspection posts are operated by local authorities. Production of beef in Member States is governed by harmonised rules which place the onus on the Member State of origin to ensure that the beef has been produced in compliance with those rules. On arrival of the consignment, documentation and health marketing, to show the goods have been produced in accordance with these rules, are required to be checked by the Meat Hygiene Service or, if they are not responsible for the plant (such as a meat product plant), by the owner of the

premises. Any irregularity should be reported to MAFF. Additionally an officer of the Ministry or local Authority is empowered to inspect a consignment, imported from another Member States, either in transit or at its destination if it is suspected that the consignment presents a threat to public or animal health. I can confirm that beef imports are stopped where they are identified as not meeting import requirements, including being unfit for human consumption. However, no separate figures are held centrally regarding the volume or origin of such trade. This information could be provided only at disproportionate cost.

SCOTLAND

Supportive Flatmate Scheme

Mr. Gorrie: To ask the Secretary of State for Scotland if he will consider providing the resources to enable the supportive flatmate scheme in the Rock Trust's Bedrock Project to be developed as a model for supported accommodation. [6630]

Mr. Chisholm: Projects such as the Rock Trust's Bedrock Project provide accommodation and support for homeless young people who often have a range of problems. I understand that there are a number of such projects operating in Scotland, however, and it would therefore be inappropriate to single out any particular one for central Government support. Projects of this type necessarily work closely with their local authority, and it is from that source that they should seek funding.

Hospital Building Programme

Mr. Eric Clarke: To ask the Secretary of State for Scotland if he will make a statement on the timetable for future capital investment for the hospital building programme for Scotland. [6759]

Mr. Galbraith: The following amounts will be available for spending on capital projects in Scotland over the next three years.

1997–98: £140,930,000

1998–99: £178,707,000

1999–2000: £178,272,000.

These figures are net of capital receipts. Included in this expenditure is spending on large capital schemes at the Western General Hospital NHS Trust in Edinburgh, Dundee Teaching Hospitals NHS Trust, and the Glasgow Royal Infirmary NHS Trust.

In addition, a number of major capital schemes are being taken forward under the Private Finance Initiative.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for Scotland if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7131]

Mr. Dewar: A Year 2000 compliance programme is underway within my Department with the objective of identifying and ensuring the correct operation of all critical systems by 31 December 1998. The review is on schedule.

The Director of Telecommunications is in overall charge of the programme and has the full time support of a Project Manager. They provide the central operational contact for all Year 2000 compliance issues. The programme of work in hand covers all Scottish Office IT systems, and although my Department is in a relatively sound position, owing to the recent redevelopment of many of its IT systems, we are nonetheless devoting significant effort to ensuring Year 2000 compliance. A detailed, costed project plan is being developed, which we expect to have in place by October, in line with the guidance issued by CITU and CCTA. At this stage, therefore, it is not possible to say precisely how much the work involved will cost, but it is expected that the costs will be contained within my Department's existing IT budget.

Skye Bridge

Mr. Bernad Jenkin: To ask the Secretary of State for Scotland (1) what change there has been in the financial terms, or repayment period, in respect of the Skye Bridge; and if he will make a statement; [7707]

(2) what has been the cost to public funds of the decision to change the tolls on the Skye Bridge; and from which vote additional moneys will be provided. [7708]

Mr. Chisholm: The measures to alleviate the impact of the Skye Bridge tolls on regular users, set out in my right hon. Friend's reply to the hon. Member for Ross, Skye and Inverness, West on 4 July, are intended to have a neutral effect on the financial terms and the repayment period. The cost of the measures to public funds remains a matter of negotiation with the bridge operator, Skye Bridge Limited. It is proposed that any costs in the current financial year will be met from within Class XIII, Vote 2, in common with all other expenditure on Scotland's trunk road network.

A1

Mr. Home Robertson: To ask the Secretary of State for Scotland what provision had been made by the previous administration in its capital budget for dualling the A1 road between Dunbar and Haddington; and if he will make a statement on his plans for the application of those funds. [7689]

BEST COPY AVAILABLE

Mr. Chisholm: It is estimated that the A1 Dunbar–Haddington project would have cost £40 million over the 2 financial years beginning 1998–99. It would not be appropriate to anticipate the outcome of the review of the Scottish trunk roads programme, or my right hon. Friend's decisions on expenditure priorities within the Transport programme as a whole.

Lockerbie

Sir Teddy Taylor: To ask the Secretary of State for Scotland for what reasons a spokesman for the Scottish Law Officers stated on Monday 7 July that the allegations in the Der Spiegel magazine about the Lockerbie bombing having been commissioned by the Ayatollah were the first occasion that the Office had been advised of such an allegation; and if he will make a statement. [7793]

Mr. McLeish: The statement issued by the Crown Office was to the effect that this was the first time that they had been made aware of these allegations, namely the allegations which were being made by a person named as Abolghasem Mesbabi which had been reported in Der Spiegel magazine.

Traveller Sites

Mr. Maclennan: To ask the Secretary of State for Scotland what was the cost to his Department of undertaking and publishing a research study on local authority traveller sites in Scotland. [7473]

Mr. Chisholm: The contract for the research study recently published about local authority sites for travellers was awarded by The Scottish Office Development Department to a private research consultancy on the basis of competitive tenders. The contract price was £9,999.25 and the additional cost to the Department of printing 140 copies of the research report and 160 copies of a summary was £443.38.

Court Service

Mr. David Stewart: To ask the Secretary of State for Scotland what targets have been set for performance by the Scottish Court Service and Sheriff Courts for 1997–98. [8409]

Mr. Dewar: The targets I have set for performance by the Scottish Court Service in the Supreme Courts and Sheriff Courts for 1997–98 are set out below.

Performance against these targets will be published in the Annual Report of the Scottish Court Service.

Targets for performance 1997–98

	Per cent.
Number of time limited cases falling as a result of SCS action/inaction	0
Percentage of Court of Session Diets allocated within waiting periods set by Lord President	90
Percentage of solemn and summary appeals allocated to rolls within waiting periods set by Lord Justice-General	70
Percentage of Sheriff Courts meeting summary criminal waiting periods agreed with Sheriffs Principal	80
Percentage of Sheriff Courts meeting ordinary civil waiting periods agreed with Sheriffs Principal	95
Percentage of Sheriff Courts with 5 per cent. or less lack of time adjournments	80
Percentage achievement of administrative standards set by Lord President/Lord Justice-General	90
Percentage of Sheriff Courts achieving administrative standards agreed with Sheriffs Principal	95
Percentage of courthouses meeting "Coming to Court" standards	85
Staff, accommodation and administrative costs per court sitting day	£1,010
Percentage cost recovery (including judicial costs) for civil business	90

Mr. Wallace: To ask the Secretary of State for Scotland (1) how many *(a)* summary trails and *(b)* sheriff and jury trials took place in Kirkwall Sheriff Court in (i) 1987, (ii) 1990 and (iii) each year since 1994; [6046]

(2) how many *(a)* summary trails and *(b)* sheriff and jury trials took place in Lerwick Sheriff Court in (i) 1987, (ii) 1990 and (iii) each year since 1994. [6047]

Mr. McLeish *[holding answer 2 July 1997]:* This is a matter for the Scottish Court Service. I have asked the Chief Executive, Michael Ewart, to reply.

Letter from Michael Ewart to Mr. James Wallace, dated 10 July 1997:

The Secretary of State has asked me to reply to your questions about trails at Lerwick and Kirkwall Sheriff Courts.

I am sorry that we do not have figures for cases in 1987. However, figures for 1990 and for 1994 and subsequent years are given in the attached tables. For each court and for each year I have shown both the number of cases called in each category and the number of these cases in which evidence was led.

I hope this information is helpful.

Criminal cases at Lerwick and Kirkwall sheriff courts

	1990		*1994*		*1995*		*1996*	
	Called	*Evidence led*	*Called*	*Evidence led*	*Called*	*Evidence led*	*Called*	*Evidence led*
Lerwick								
Summary	151	32	81	11	112	14	139	22
Sheriff and Jury	1	1	1	0	2	1	1	0
Kirkwall								
Summary	141	36	46	10	49	12	53	19
Sheriff and Jury	2	2	0	0	1	1	1	1

CABINET OFFICE

Millennium Exhibition

Mr. Baker: To ask the Minister without Portfolio what are his responsibilities in respect of the Millennium Exhibition at Greenwich. [4433]

Mr. Mandelson *[holding 23 June 1997]:* I refer the hon. Member to the answer given today by my right hon. Friend the Prime Minister.

WALES

Teachers

Mr. Barry Jones: To ask the Secretary of State for Wales what estimates he has made of future teacher numbers in *(a)* primary and *(b)* infant schools; and if he will make a statement. [6674]

Mr. Hain: Local education authorities and schools are responsible for the employment and deployment of teaching staff to deliver the National Curriculum and we are making additional resources available to assist them in this role. The Government also has a role in ensuring that there is a sufficient number of suitably qualified teachers from whom they can recruit.

Welfare to Work Taskforce

Mr. Barry Jones: To ask the Secretary of State for Wales when he expects the welfare to work taskforce to visit locations in Wales; and if he will make a statement. [6679]

Mr. Hain: The Director of the Employment Service in Wales is currently organising three consultation events to take place in locations throughout Wales at the end of July. I expect the taskforce members to play a prominent role in these events.

Mr. Jones: To ask the Secretary of State for Wales what representations he has received on the welfare to work taskforce. [6678]

Mr. Hain: None, but my right hon. Friend hopes to announce the membership of the taskforce later this month.

Unskilled Manual Workers

Mr. Barry Jones: To ask the Secretary of State for Wales what proposals he has to assist unskilled manual workers. [6668]

Mr. Hain: The minimum wage, the social chapter, the working hours directive and statutory recognition of trade unions are all of immediate relevance. The fiscal measures we announced in the Budget will help with workers' household finances. The Education and Training Action Group, supporting our objective of lifelong learning, will help people acquire skills which will lead to more highly paid employment.

Skilled Workers (Deeside)

Mr. Barry Jones: To ask the Secretary of State for Wales what assessment he has made of the adequacy of resources available to increase the number of skilled people in employment on Deeside; and if he will make a statement. [6670]

Mr. Hain: The North Wales Training and Enterprise Council and Deeside College have substantial resources to promote skills training for employment in Deeside. Extra resources to help unemployed people gain training and employment will be available through the welfare to work programme. Employers have the primary responsibility for training their employees.

Job Creation

Mr. Barry Jones: To ask the Secretary of State for Wales how he proposes to assist job creation for young unemployed people. [6672]

Mr. Hain: The Government's New Deal will offer all 18–24 year olds in Wales, who have been unemployed for six months or more, a quality opportunity to get back to work.

Nursery Education

Mr. Barry Jones: To ask the Secretary of State for Wales if he will make a statement on his targets in respect of the availability of full-time places in nursery schools for all children claiming a place. [6677]

Mr. Hain: We will be consulting shortly on our commitment to ensure that a free, good quality place is available to all four year olds whose parents want this, together with targets for extending provision for three year olds.

Unemployment

Mr. Barry Jones: To ask the Secretary of State for Wales what is his estimate of the number of *(a)* males and *(b)* females aged 24 years and under who are out of work. [6673]

Mr. Hain: The information requested is shown in the following table.

Employment status of those aged 16–24, Wales, winter 1996–97

	Males	*Females*
Total population aged 16–24	165,000	154,000
of which		
In employment	97,000	89,000
Not in employment	69,000	65,000
of which		
ILO unemployed[1]	30,000	13,000
Students (not ILO unemployed)	30,000	32,000
Looking after family home	[2]—	16,000

Notes:

[1] ILO unemployed: people without a job who were available to start work in the two weeks following their Labour Force Survey interview and who either had looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.

[2] Sample size too small for reliable estimate to be given.

Source:

Labour Force Survey.

Mr. Jones: To ask the Secretary of State for Wales what proposals he has to move long-term unemployed people in *(a)* Buckley and *(b)* Deeside into work. [6669]

Mr. Hain: My hon. Friend will be aware that we recently released details of the Government's Welfare to Work programme and how the New Deal will operate in Wales. This will make a significant contribution to getting long-term unemployed people in Buckley and Deeside into work.

School Leavers (Literacy)

Mr. Barry Jones: To ask the Secretary of State for Wales what proposals he has to help school leavers with difficulties in *(a)* reading and *(b)* writing; and if he will make a statement. [6675]

Mr. Hain: Help is available for these young people to improve their literacy skills either through Further Education or through TEC-supported training.

Target 2000 will encourage a multi-agency approach to developing innovative means of helping young people with learning difficulties. Particular emphasis will be placed on ensuring that all young people are equipped with basic skills, including those of communication.

The Further Education Funding Council for Wales have encouraged FE institutions to provide basic education courses for students with literacy and numeracy problems. The Council are inviting OHMCI to undertake a focused assessment of basic skills provision by the FE sector, to inform future funding decisions. The FEFCW will also take into account the findings of the Kennedy report on Widening Participation in Further Education.

Training (Deeside)

Mr. Barry Jones: To ask the Secretary of State for Wales what new investment he proposes to make in training facilities for Deeside; and if he will make a statement. [6671]

Mr. Hain: The Further Education Funding Council for Wales and the North Wales Training and Enterprise Council (CELTEC) in collaboration with Further Education Colleges and other training partners have the responsibility for securing training facilities that will meet the needs of the area.

Renovation Grants

Mr. Rowlands: To ask the Secretary of State for Wales what estimate he has made of the number of outstanding renovation grant inquiries received by each county and county borough in Wales in the last 12 months. [6878]

Mr. Win Griffiths: Information on inquiries is available for April–December 1996. During that time local authorities received 12,758 inquiries, 5,900 applications and issued 6,015 approvals. The number of outstanding applications with local authorities at 31 March 1997 was 5,325.

The county/county borough breakdown is shown on the following table:

Renovation grant activity by unitary authority[1]

	Number of inquiries made April–December 1996	*Number of applications received April–December 1996*	*Number of applications approved April–December 1996*	*[2]Number of applications outstanding at the end of March 1997*[2]
Blaenau Gwent	547	398	230	*586
Bridgend	767	223	297	142
Caerphilly	1,052	405	258	1,172
Cardiff	1,112	265	701	104
Carmarthenshire	691	404	377	242
Ceredigion	575	177	208	182
Conwy	231	135	179	197
Denbighshire	336	336	208	544
Flintshire	365	207	213	284
Gwynedd	671	359	367	427
Isle of Anglesey	222	198	166	49
Merthyr Tydfil	223	119	112	*12
Monmouthshire	311	55	56	4
Neath Port Talbot	1,127	290	486	*52
Newport	432	280	185	105
Pembrokeshire	338	104	154	450
Powys	363	166	229	342
Rhondda Cynon Taff	976	881	606	50
Swansea	877	313	417	108
Torfaen	135	131	121	89
Vale of Glamorgan	612	265	245	82
Wrexham	795	189	200	102
Wales	12,758	5,900	6,015	5,325

[1] Information on the number of inquiries, applications and approvals are for those grants dealt with under the Local Government and Housing Act 1989.

[2] Includes those applications at the end of March that were outstanding under both the Local Government and Housing Act 1989 and the Housing Grants, Construction and Regeneration Act 1996. For those data marked with an "*", estimates have been provided.

Public Bodies

Mr. Rowlands: To ask the Secretary of State for Wales if he will list those non-departmental public bodies appointed by Royal Charter. [6946]

Mr. Ron Davies: The Arts Council of Wales, the National Library of Wales, the National Museum and Galleries of Wales and the Sports Council for Wales were all established by Royal Charter. The Royal Commission for Ancient and Historical Monuments of Wales was established by Royal Warrant.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for Wales if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7137]

Mr. Ron Davies: An assessment of the effect of the millennium date change has been undertaken. A central unit is co-ordinating this work; around 25 staff are spending some time working on the various systems throughout the Department.

I do not expect there to be any major costs involved in ensuring that my Department's computer systems can cater for the Year 2000.

The project is on schedule.

Residential Care

Mr. Rhodri Morgan: To ask the Secretary of State for Wales what guidelines he has issued to Welsh health authorities in relation to the care of those present residents of institutions for those with learning difficulties assessed as incapable of care in the community; and in what circumstances the leading role in long-term care will be taken by *(a)* social services and *(b)* health authorities. [7791]

Mr. Ron Davies: In February 1995 guidance was issued covering NHS responsibilities for meeting continuing health care needs. Health and Local Authorities were asked to agree eligibility criteria and a multi disciplinary assessment determines whether the health or local authority takes the lead in an individual's care. This applies also to those patients with learning disability. Detailed guidance on the care of learning disability patients is contained in the Welsh Mental Handicap Strategy 1983. Guidance was reissued to both health and local authorities in May 1996 following the major reorganisations which took place in both structures.

Cardiff Bay

Mr. Rhodri Morgan: To ask the Secretary of State for Wales what consultations he has had with the chairman of the Cardiff Bay Development Corporation concerning the implications for powers to use compulsory purchase relating to the contract awarded to the Terraquest company by the corporation and the authority given to the company to negotiate way-leaves with householders over the proposed new horizontal dewatering scheme in six areas of Cardiff. [7797]

Mr. Ron Davies: None. Terraquest have been contracted to determine land ownership and interests in land under the surface of public highways or open space which might be affected by plans for a dewatering scheme in Cardiff. Use of compulsory purchase order powers may not be necessary. This is an operational matter for the Corporation and I have asked the Chief Executive to respond more fully and a copy of his letter will be placed in the Library of the House.

Bute Avenue PFI Scheme

Mr. Rhodri Morgan: To ask the Secretary of State for Wales, pursuant to his statement to the Welsh Grand Committee of 30 June, *Official Report*, column 25, when he anticipates re-advertising the Bute Avenue PFI scheme, as extended to include the Barrage, in the *Official Journal of the European Communities.* [7814]

Mr. Ron Davies: The Bute Avenue PFI scheme and compliance with the Department's guidance on the European procurement procedure are operational matters for the Cardiff Bay Development Corporation. The Corporation is following the guideline procedures. I have asked the Chief Executive to provide details and I will place a copy of his letter in the Library of the House.

NORTHERN IRELAND

Electors Lists

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland if she will list the constituencies in which the lists of electors voting or not voting in *(a)* the 1992 general election and *(b)* the 1993 local elections were purchased, and by whom; and if she will make it her policy to end the availability and sale of such details. [5569]

Mr. Ingram: There are no records held by the Clerk of the Crown's Office, or the 26 Local Councils in Northern Ireland, which show any requests being received for copies of the marked register of electors for constituencies in Northern Ireland for either the 1992 general election or the 1993 local elections.

The purchasing of such information in respect of a general election is provided for in the Representation of the People Act 1983, and for local elections in Northern Ireland this provision is mirrored in the Local Elections (Northern Ireland) Order 1985. If the hon. Gentleman has information as to why this UK wide practice should be altered in the case of Northern Ireland I would be interested to hear it.

Postal Voting Papers

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland if she will make it her policy to prohibit postal voting papers issued on grounds of holiday or study absence or for medical reasons being sent to an address other than that on the electoral register of the applicant. [5570]

Mr. Ingram: Under the terms of the Representation of the People Act 1985 and The Representation of the People (Northern Ireland) Regulations 1986 a voter applying for an absent vote must, in addition to the address in respect of which they are or will be registered on the register, provide an address in the UK to which the ballot paper is to be sent.

This applies throughout the United Kingdom and I have no plans at present to alter the position in Northern Ireland.

Electricity Interconnector

Mr. Tony Colman: To ask the Secretary of State for Northern Ireland what progress is being made towards the establishment of the Electricity Interconnector. [6390]

Mr. Ingram: Progress depends on the outcome of planning applications in Northern Ireland and Scotland. Northern Ireland Electricity plc submitted a second planning application for the Northern Ireland element of the project on 4 April 1997.

My right hon. Friend the Secretary of State for Scotland hopes to announce his decision on the application for the Scotland element shortly.

Water Cannon

Mr. Livingstone: To ask the Secretary of State for Northern Ireland when the Royal Ulster Constabulary last possessed water cannon. [6365]

Mr. Ingram: Water cannons were withdrawn from operational use in or around 1970.

Old Documents

Mr. Baker: To ask the Secretary of State for Northern Ireland what is the date and title of the oldest document or archival unit retained by her Department which has not been passed on to the Public Record Office for release for public inspection. [7199]

Mr. Ingram *[holding reply 8 July 1997]:* The earliest Northern Ireland Office documents will be due for transfer to the Public Record Offices when they become 30 years old in the year 2002. The Department holds some files concerning Northern Ireland, transferred to it from the Home Office, which are retained under Section 3(4) of the Public Record Act 1958. The earliest retained file held in London is dated 1954 and is entitled "Irish Republican Army Activities—Raid on Gough Barracks Armagh on 12 June 1954". The oldest file held for administrative reasons by the Northern Ireland Office in Belfast is entitled "The Emergency Powers Act (NI) 1926—making of regulations".

There separate administrative arrangements for documents held by the Northern Ireland departments which are subject to the provisions of the Public Records Act (NI) 1923 and the direction of the Public Record Office of Northern Ireland.

EDUCATION AND EMPLOYMENT

Training

Helen Jones: To ask the Secretary of State for Education and Employment how many people in the Warrington, North constituency are currently taking part in Government training schemes broken down to show the numbers of *(a)* women, *(b)* men and *(c)* those under 25 years of age. [6660]

Dr. Howells: Information on government-supported training programmes is not available for people living in individual constituencies. North and Mid Cheshire TEC is the nearest geographical breakdown to the Warrington, North parliamentary constituency. The TEC area covers North Warrington, Halton and Vale and mid-Cheshire local authority districts. The available figures are given in the following table.

The DfEE is now making further improvements in training opportunities and developing Youth Credits under Target 2000 with the aim of eventually replacing Youth Training.

Numbers on government-supported training programmes at the end of April 1997

	Total on programme	*Female*	*Male*	*Under 25*
Youth Training	2,000	49	51	100
Modern Apprenticeships	900	43	57	100
Training for Work	400	27	73	29

Mr. Rooney: To ask the Secretary of State for Education and Employment how many unemployed persons were referred to (i) jobplan workshops, (ii) restart courses, (iii) workwise and worklink, (iv) 1-2-1 and (v) project work in 1996–97; of these, how many *(a)* attended and *(b)* completed these courses; and what were the outcomes. [7765]

Mr. Alan Howarth: Responsibility for the subject of the question has been delegated to the Employment Service agency under its Chief Executive. I have asked him to arrange for a reply to be given.

Letter from Leigh Lewis to Mr. Terry Rooney, dated 10 July 1997:

As the Employment Service is an Executive Agency, the Secretary of State has asked me to reply to your question about Jobplan, Restart Courses, Workwise and Worklink, 1-2-1 and Project Work. This is something which falls within the responsibilities delegated to me as Chief Executive of the Agency.

The information you have requested on Jobplan, Restart Courses and Workwise (known as Worklink in Scotland) is given in Table 1.

Information about 1-2-1 and Project Work is given in Tables 2 and 3 respectively. However, we do not hold the information in the format in which you have requested it.

It may help if I explain that during 1-2-1, jobseekers are offered concentrated help with an Employment Service adviser during a series of up to six caseload interviews. Figures for referrals to 1-2-1 are therefore shown as 'Cases Opened'. Information on the number of caseload interviews each jobseeker attends or completes is not collected. Whilst they can attend up to six, this is dependent on whether they achieve a positive outcome before the final interview.

For Project Work, the reason that the information is not available in the form you have requested is that this pilot consists of two parts. The first part, which begins with a Restart interview with an adviser, is a period of intensive help during which participants are offered the full range of programmes available to long term unemployed people as well as a series of caseload interviews with an adviser. If the person is still unemployed at the end of the period of intensive help, they are required to attend a work experience programme with a provider. Separate information for the same cohort on the number of people referred to a Project Work provider is not available. The outcomes reported therefore relate to both parts of the pilot.

I hope this is helpful.

Table 1: Jobplan, restart courses and workwise worklink—1996–97

	Jobplan	*Restart courses*	*Workwise/ worklink*
Referrals	300,329	139,733	67,058
Starts	144,315	76,911	25,806
Completers	133,026	66,238	18,609
Total outcomes	57,882	25,552	12,735
of which: jobs	9,115	3,706	3,485
ES/TEC/LEC programmes	36,794	17,067	7,062
other training or employment related opportunities[1]	11,973	4,779	2,188

Table 2: 1–2–1 1996–97

	Number
The number of cases opened	218,241
Outcomes:	
Job placings	14,796

Table 2: 1–2–1 1996–97

	Number
TEC/LEC/ES programme starts[1]	32,846
Other sign offs[2]	54,980
Total positive outcomes	102,622

[1] Business Start Up: Training for Work; Jobclub; JIG; Work Trial.
[2] Other sign offs as a result of adviser action: Family Credit starts.

Table 3: Project work—1996–97

	Project work
Entering the Pilot	7,141
Referrals to Project Work provider	n/a
Starts with Project Work Provider	3,125
Completers Project Work placement	1,025
Total outcomes of which:	
Jobs	861
ES/TEC/LEC programmes	542
Other	1,767

Restart Interviews

Mr. Rooney: To ask the Secretary of State for Education and Employment how many restart interviews were conducted in 1996–97; and, of these, how many claimants *(a)* were placed directly into a job, *(b)* claimed other benefits, *(c)* entered a Government programme and *(d)* signed off from claiming benefit. [7766]

Mr. Alan Howarth: Responsibility for the subject of the question has been delegated to the Employment Service agency under its Chief Executive. I have asked him to arrange for a reply to be given.

Letter from Leigh Lewis to Mr. Terry Rooney, dated 10 July 1997:

As the Employment Service is an Executive Agency, the Secretary of State has asked me to reply to your question about restart interviews and their outcomes. This is something which falls within the responsibilities delegated to me as Chief Executive of the Agency.

The figures that you have requested are shown in the following table:

Outcomes of restart interviews (1996–97)

	Number
Number of restart interviews	3,270,278
Placings	147,021
Claimed other benefits	65,962
Government programmes	507,167
Signed off from claiming	316,574

I hope this is helpful.

Jobseeker's Allowance

Mr. Rooney: To ask the Secretary of State for Education and Employment how many claimants had their jobseeker's allowance reduced during 1996–97 for *(a)* two weeks and *(b)* four weeks for not attending or failing to complete (i) jobplan workshops, (ii) restart courses, (iii) workwise and worklink, (iv) 1-2-1, (v) project work and (vi) non-prescribed Government programmes where referral was under a jobseeker's direction. [7733]

Mr. Alan Howarth: Responsibility for the subject of the question has been delegated to the Employment Service agency under its Chief Executive. I have asked him to arrange for a reply to be given.

Letter from Leigh Lewis to Mr. Terry Rooney, dated 10 July 1997:

The Secretary of State for Education and Employment has asked me to reply to your question about how many claimants had their Jobseeker's Allowance reduced during 1996/97 for: (a) two weeks and (b) fours weeks, for not attending or failing to complete (i) jobplan workshops, (ii) restart courses, (iii) workwise and worklink, (iv) 1-2-1, (v) Project Work and (vi) non-prescribed Government programmes where referral was under a jobseeker's Direction. This is something which falls within the responsibilities delegated to me as Chief Executive of the Employment Service.

Information on the number of Adjudication Officers' decisions and opinions, and disallowance rates, is contained in a published document entitled "Analysis of Adjudication Officers' Decisions". This provides information on all of the labour market entitlement and sanction questions arising on claims. Copies of this document are held in the Library of the House.

Unfortunately, information is not available in the form you request. However, it may be helpful if I explain that a total of 763 sanctions were imposed in 1996/97 for:

refusal of a place on a training scheme or employment programme,

failure to attend a place on a training scheme or employment programme,

giving up a place on a training scheme or employment programme,

losing a place on a training scheme or employment programme through misconduct, and

neglect to avail of a place on a training scheme or employment programme.

Schemes and programmes included in this definition are Jobplan Workshops, Restart Courses, Workwise, Worklink, and Project Work. Employment Service statistics do not identify the number of sanctions relating to each programme, nor do they differentiate between two week and four week sanctions.

The total number of sanctions imposed in 1996/97 for refusal or failure to carry out a Jobseeker's Direction was 215. It is not possible to say whether any of these related to employment programmes.

There is no specific sanction relating to failure to attend 1-2-1 interviews, but entitlement to Jobseeker's Allowance can be lost if a person fails to attend, without good cause, any Employment Service advisory interview. The total number of sanctions on these grounds during 1996/97 was 110.

I hope this is helpful.

Mr. Webb: To ask the Secretary of State for Education and Employment what estimate she has made of the number of people aged 18 to 24 years who will face a benefit sanction of 100 per cent. of their jobseeker's allowance at any time during the first full year of operation of the welfare-to-work proposals. [7771]

Mr. Howarth: We have made no such estimates. We shall offer high quality options of work and training which we expect to be attractive to those eligible to participate in the New Deal.

Student Loans

Mr. Sanders: To ask the Secretary of State for Education and Employment for what reason there is an upper age limit for student loans; and if he will make a statement. [7095]

Dr. Howells: Loans are made with the expectation that they will be repaid. Older students are less likely to repay loans, because of the shorter time they will work after graduation. But they are more likely to have access to other funds, such as savings or commercial loans.

New Deal

Mr. Paice: To ask the Secretary of State for Education and Employment if he will make a statement on the funding methodology for young people on New Deal who are participating in the employment option. [7690]

Mr. Andrew Smith: Employers will be offered a subsidy equivalent to £60 a week for 26 weeks, if they recruit a young person who is eligible for the New Deal. They will be required to provide training, or to release the young person for training, for one day a week. Funding of £750 per person will be made available. The young people recruited in this way will be full employees, in regular work, and will be remunerated accordingly.

Mr. Paice: To ask the Secretary of State for Education and Employment what targets he is setting for the outputs of the New Deal. [7686]

Mr. Smith: In due course, we will be setting and publishing targets through the Employment Service's 1998–99 Annual Performance Agreement.

Mr. Paice: To ask the Secretary of State for Education and Employment what action will be taken against young people who consistently refuse to participate in New Deal. [7687]

Mr. Smith: All four options under the New Deal will be designed to provide opportunities of genuine quality to help young people improve their employability and get into work. As rights and responsibilities go together, there will be no fifth option on full benefit. Benefit sanctions will be applied to those young people who are assessed by an Adjudication Officer to have unreasonably refused to take up a place on an option notified to them by an employment officer. Persistent refusal could result in a succession of sanctions.

Mr. Paice: To ask the Secretary of State for Education and Employment how the New Deal for young people will be linked to modern apprenticeships; and what is his policy towards the development of national traineeships. [7688]

Mr. Smith: Progression to a modern apprenticeship may be an appropriate next step for some of the young people aged 18–24 who achieve NVQ level 2 qualifications as part of their participation in the New Deal.

Our view is that national traineeships, which focus chiefly on 16 and 17-year-olds and build on the design principles of the successful modern apprenticeships, will play an important part in achieving the objectives of Target 2000. It is vital that we improve substantially on current levels of participation and achievement to NVQ level 2 post 16 if we are to ensure that young people are qualified for the jobs of the next century. Target 2000 provides the broad policy framework for that, and the work based route has a vital role to play.

Ministerial Visits (Schools)

Mr. Fallon: To ask the Secretary of State for Education and Employment if he will list those schools visited by each Minister with responsibility for schools since their appointment, indicating the dates of each visit. [7667]

Dr. Howells: Details requested of ministerial visits to schools up to 9 July are as follows:

	School
Secretary of State:	
11 June	Saint Matthew's Church School, London
13 June	Abraham Moss School, Manchester
24 June	St. Vincent's de Paul School, London
1 July	BRIT School, Croydon
7 July	Avonmore Primary School, London
Minister of State, Mr. Byers:	
3 June	Charles Edward Brooke School, Vauxhall, London
23 June	Upbury Manor GM School, Gillingham, Kent
	Southfields GM School, Gravesend, Kent
	Kelsey Park GM School, Beckenham, Kent
30 June	Our Lady of Fatima GM School, Liverpool
3 July	Lilian Baylis School, London SE11
	Mostyn Gardens Primary School, London SW9
4 July	Gosforth High School, Gosforth, Newcastle
	Egglescliffe School, Stockton on Tees
9 July	Handsworth Wood Boys' School, Birmingham
Parliamentary Under Secretaries of State:	
Dr. Howells:	
20 May	Kingsbury School, Brent, London
9 July	Colfox School, Bridport
	Ivybridge Community College, Plymouth
Ms Estelle Morris	
6 June	Stanville Primary School, Birmingham
18 June	Loxford School of Science and Technology, Ilford, London
20 June	Mapledene Infants School, Birmingham
	Cockshut Hill School, Birmingham
4 July	Whalley Range High School, Manchester

Employment Service

Mr. Rooney: To ask the Secretary of State for Education and Employment what are the annual performance targets for the Employment Service in 1997–98; and what were the targets and outcomes achieved in 1996–97. [7734]

Mr. Andrew Smith: Employment Service targets for 1997–98 were published by the previous administration on March 19, 1997. We are in the final stages of reviewing these and the revised Annual Performance Agreement for 1997–98 which will include targets will be published before the end of this month.

The following table gives details of performance in 1996–97. During that year Employment Service performance was adversely affected by the unprecedented effort required to introduce and operate successfully the Labour Market System and the Jobseeker's Allowance.

Employment Service performance against targets in 1996–97

Indicators	*Target*	*Achieved*
Placings of Unemployed people[1]	1.97 million at a unit cost of £212 assuming 2.66 million vacancies notified	1.685 million unit cost £234 2.67 million vacancies notified
Placings of JSA Claimants[1] (October 1996 to March 1997)[2]	561,450	508,400
Placings of Long-Term Claimants[1]	29.5 per cent.	24.3 per cent. (410,000)
Placings of People with Disabilities[1]	4.4 per cent	5.1 per cent. (86,000)
Positive outcomes from 12 month interventions	43 per cent.	38 per cent.
Positive outcomes from 24 month interventions	35 per cent.	30 per cent.
Referrals to and starts on Training for Work	489,000 referrals 163,000 starts	394,000 referrals 150,300 starts
New claims not pursued	10 per cent.	11 per cent.
Submissions to Adjudication	215,000	202,800
Training for Work allowance payments	97 per cent. by value to be accurate	98 per cent.
Percentage of JSA Claimants offered a Jobseeker's Agreement (October 1996–March 1997)[2]	100 per cent.	98.9 per cent.
Accuracy of UB payment (April–September 1996)[3]	97 per cent.	96.8 per cent.
Speed of UB first payments where UB is the first payment made (April–September 1996)[3]	75 per cent. with 12 days	74.7 per cent. within 12 days
Efficiency savings	£43 million	£44.34 million

[1] The Employment Service has recently taken action to ensure that job placings are recorded strictly in accordance with ES procedures. This may impact on future levels of recorded performance. Past levels of recorded performance may have been overstated.
[2] Target from October 1996 following the introduction of the Jobseeker's Allowance.
[3] This work transferred to the Benefits Agency following the introduction of the Jobseeker's Allowance in October 1996.

Training and Enterprise Councils (Special Needs)

Mr. Hancock: To ask the Secretary of State for Education and Employment what targets for special needs training are included in the contracts for each of the training and enterprise councils; when the contracts are due for review; and if he will make a statement. [6682]

Dr. Howells: All TECs have targets for the numbers of unemployed adults with disabilities joining Training for Work and young people endorsed as having special training needs in Youth Training. TECs are required to ensure that all trainees on their programmes have a training plan based on an assessment of their individual needs, including any special training needs, TEC contracts are reviewed regularly and renegotiated in March each year.

University Research

Mr. Brady: To ask the Secretary of State for Education and Employment what assessment he has made of the quality of British university research relative to that of other comparable countries. [6939]

Dr. Howells: None. But the Research Assessment Exercise conducted periodically by the higher education funding bodies assesses the quality of higher education research in the UK against an international standard of excellence. Further, the Higher Education Funding Council for England has commissioned a study on the international standing of research undertaken in English higher education institutions.

In addition, earlier this year, the Office of Science and Technology published a paper on "The Quality of the UK Science Base", which measured the performance of the UK science base in comparison with that of other countries. This showed that with only 1 per cent. of the world's population the UK carried out 5.5 per cent. of the world's research effort and was a major force in research with an 8.0 per cent. share of world scientific publications and a 9.1 per cent. share of world citations.

Pupil-teacher Ratios

Ms Walley: To ask the Secretary of State for Education and Employment if he will list in rank order the pupil-teacher ratio for *(a)* secondary and *(b)* primary schools of each local education authority and their ranking in respect of the number of GCSE grades A to C obtained. [7326]

Dr. Howells: The following table lists in rank order for each local education authority the percentage of pupils obtaining five or more GCSEs at grades A–C in 1995–96 together with the pupil-teacher ratio in (a) secondary schools and (b) primary schools. In each case the local education authority's rank order is given.

Maintained schools in England[1]

Local education authority	*Percentage of 15 year old pupils achieving 5 or more grades A*–C*[2]	*Rank*	*Secondary school pupil teacher ratio*	*Rank*	*Primary school pupil teacher ratio*	*Rank*
Isles of Scilly	73.1	1	8.1	1	15.0	1
Kingston upon Thames	59.9	2	16.2	38	23.8	78
Sutton	56.4	3	16.6	62	23.3	61
Harrow	53.5	4	15.6	15	20.8	11
Barnet	53.4	5	14.8	6	20.9	14
North Yorkshire	53.0	6	n/a	n/a	n/a	n/a

Maintained schools in England[1]

Local education authority	*Percentage of 15 year old pupils achieving 5 or more grades A*–C*[2]	*Rank*	*Secondary school pupil teacher ratio*	*Rank*	*Primary school pupil teacher ratio*	*Rank*
North Somerset	52.5	7	n/a	n/a	n/a	n/a
Richmond upon Thames	52.2	8	16.5	48	21.3	16
Redbridge	50.8	9	16.2	36	22.7	37
West Sussex	50.6	10	16.6	58	22.5	33
Buckinghamshire	50.5	11	17.1	86	23.6	69
Surrey	50.5	11	16.6	60	22.0	22
Bromley	50.3	13	15.7	19	24.6	98
Gloucestershire	50.2	14	17.6	94	23.4	63
Somerset	50.0	15	18.0	102	23.2	54
Solihull	49.6	16	16.6	57	24.1	92
Cheshire	49.3	17	17.0	79	24.0	90
Dorset	49.3	17	17.5	91	23.9	84
Hertfordshire	49.3	17	15.7	18	22.3	25
Stockport	49.0	20	16.6	64	23.8	75
Berkshire	48.8	21	16.3	42	23.3	59
Bury	48.6	22	17.2	89	24.0	87
Trafford	48.6	22	16.6	61	24.7	99
Wiltshire	48.3	24	16.8	68	23.4	62
Shropshire	48.0	25	16.5	54	24.3	93
York	47.7	26	n/a	n/a	n/a	n/a
Bath and North East Somerset	47.4	27	n/a	n/a	n/a	n/a
Suffolk	47.0	28	16.5	53	22.3	28
Bexley	46.8	29	16.6	59	24.8	100
Kensington and Chelsea	46.7	30	13.3	2	17.8	2
Cambridgeshire	46.7	30	17.2	88	23.9	82
Cornwall	46.7	30	17.5	93	23.7	71
Hampshire	46.5	33	16.6	63	22.8	41
Northumberland	46.1	34	18.5	104	24.6	97
Oxfordshire	45.8	35	17.9	101	23.3	55
Dudley	44.9	36	16.5	47	22.4	31
South Gloucester	44.7	37	n/a	n/a	n/a	n/a
Hereford and Worcester	44.6	38	17.7	96	23.2	49
Isle of Wight	44.5	39	18.1	103	23.2	50
Lincolnshire	44.5	39	15.9	24	23.6	70
Wirral	44.4	41	16.2	37	23.2	48
Cumbria	44.2	42	16.9	76	23.2	53
Devon	44.2	42	17.0	82	24.0	89
Havering	44.1	44	16.2	39	23.7	73
Sefton	44.0	45	16.4	45	23.2	52
Wigan	43.9	46	16.0	28	22.9	43
Kent	43.7	47	16.4	46	23.9	80
Warwickshire	43.7	47	16.8	69	23.6	68
East Riding of Yorkshire	43.6	49	n/a	n/a	n/a	n/a
Northamptonshire	43.5	50	17.0	78	23.4	64
East Sussex	43.3	51	16.0	27	22.7	39
Essex	43.1	52	16.7	67	22.6	34
Camden	43.0	53	14.9	7	20.3	8
Bedfordshire	42.7	54	17.8	98	23.0	47
Lancashire	42.6	55	17.0	80	24.1	91
Hounslow	42.3	56	15.8	20	21.6	19
Derbyshire	42.0	57	17.0	83	25.3	104
Bolton	41.9	58	16.5	52	22.8	42
Norfolk	41.9	58	15.6	16	22.3	26
North Tyneside	41.1	60	17.1	85	23.9	79
Enfield	41.0	61	16.3	40	22.6	36
Hillingdon	40.9	62	16.4	43	22.3	24
St. Helens	40.9	62	15.6	13	22.9	44
Staffordshire	40.9	62	17.6	95	24.9	101
Calderdale	39.7	65	16.9	77	24.0	86
Leicestershire	39.7	65	17.1	84	23.3	57
Croydon	38.8	67	16.3	41	22.2	23
Kirklees	38.4	68	16.8	73	23.3	58
Merton	38.3	69	17.2	87	21.5	18
Coventry	38.0	70	16.1	32	23.3	60
Redcar and Cleveland	37.6	71	n/a	n/a	n/a	n/a
North Lincolnshire	37.6	71	n/a	n/a	n/a	n/a
Sheffield	37.2	73	17.5	92	22.9	45
Stockton on Tees	37.2	73	n/a	n/a	n/a	n/a
Leeds	36.6	75	16.6	56	23.9	81
Gateshead	36.6	75	15.9	25	22.3	27

Maintained schools in England[1]

Local education authority	*Percentage of 15 year old pupils achieving 5 or more grades A*–C*[2]	*Rank*	*Secondary school pupil teacher ratio*	*Rank*	*Primary school pupil teacher ratio*	*Rank*
Nottinghamshire	36.4	77	16.7	66	24.3	95
Rotherham	36.2	78	17.0	81	23.2	51
Durham	36.2	78	17.5	90	24.0	85
Rochdale	35.4	80	16.9	75	24.4	96
Tameside	35.4	80	17.8	99	25.1	103
Hammersmith and Fulham	35.3	82	16.8	71	20.3	9
Wakefield	35.3	82	16.4	44	24.0	88
South Tyneside	35.2	84	16.8	72	23.3	56
Brent	35.1	85	15.4	11	21.7	21
Ealing	34.6	86	16.5	51	22.7	40
Doncaster	33.5	87	16.8	70	24.3	94
Waltham Forest	33.4	88	15.8	21	21.4	17
Oldham	33.3	89	15.9	26	23.7	74
Westminster	33.0	90	15.2	10	18.4	3
Birmingham	32.9	91	15.9	23	22.7	38
Wandsworth	32.8	92	15.9	22	20.5	10
Newcastle upon Tyne	32.7	93	16.9	74	23.8	77
North-east Lincolnshire	32.4	94	n/a	n/a	n/a	n/a
Walsall	32.2	95	16.2	35	23.4	65
Hartlepool	31.9	96	n/a	n/a	n/a	n/a
Sunderland	31.7	97	16.1	30	22.6	35
City of Bristol	30.9	98	n/a	n/a	n/a	n/a
Wolverhampton	30.2	99	16.1	29	22.5	32
Salford	30.1	100	16.5	55	23.8	76
Lewisham	30.0	101	15.2	8	20.1	7
Greenwich	29.1	102	15.6	14	20.9	12
Bradford	28.9	103	17.7	97	22.3	29
Haringey	28.5	104	14.6	4	21.0	15
Barnsley	28.2	105	17.9	100	25.0	102
Newham	27.9	106	16.5	50	23.9	83
Liverpool	27.6	107	16.2	34	23.5	66
Barking and Dagenham	27.1	108	16.1	31	22.4	30
Manchester	27.0	109	15.5	12	23.0	46
Middlesbrough	26.9	110	n/a	n/a	n/a	n/a
Sandwell	26.5	111	16.5	49	23.7	72
Hackney	25.7	112	14.7	5	19.7	6
Lambeth	25.1	113	14.4	3	18.6	4
Southwark	24.6	114	16.2	33	21.7	20
Tower Hamlets	23.9	115	15.2	9	19.5	5
Knowsley	23.6	116	16.6	65	23.5	67
City of Kingston upon Hull	22.8	117	n/a	n/a	n/a	n/a
Islington	22.4	118	15.7	17	20.9	13

[1] The figures for GCSE achievements and pupil teacher ratio are based on LEA maintained and grant maintained schools in England.
[2] The percentage of 15-year-old pupils achieving 5 or more GCSE grades A*–C is based on those pupils aged 15 on roll in maintained schools in January 1996.

Pupils (Staying-on Rates)

Ms Walley: To ask the Secretary of State for Education and Employment if he will list the staying-on rates at school at age 15 years for each local authority for the last five years. [7329]

Mr. Byers: The following table shows by LEA the percentage continuing in school at age 16, the first year after the end of compulsory education. The percentage will be comparatively lower in LEAs where 16 year olds can transfer to a sixth form college or a tertiary college. Others will continue their education and training in further education colleges or in the workplace.

Percentage of 16 year olds in school by LEA, England, 1990–91 to 1994–95

	1990–91	*1991–92*	*1992–93*	*1993–94*	*1994–95*
London[1]					
Inner London	37	45	41	40	39
Barking	28	38	42	42	40
Barnet	52	61	60	59	57
Bexley	43	46	46	45	42
Brent	34	39	42	40	40
Bromley	51	57	58	60	61
Croydon	22	27	31	31	29
Ealing	46	50	37	34	39
Enfield	43	49	56	55	51
Haringey	35	42	42	41	36

Percentage of 16 year olds in school by LEA, England, 1990–91 to 1994–95

	1990–91	1991–92	1992–93	1993–94	1994–95
Harrow	18	17	19	18	18
Havering	34	18	18	21	18
Hillingdon	43	51	54	52	50
Hounslow	46	52	60	53	59
Kingston upon Thames	52	59	64	66	62
Merton	31	32	37	36	32
Newham	26	24	11	10	8
Redbridge	49	59	62	64	60
Richmond upon Thames	24	31	32	31	34
Sutton	51	61	58	61	61
Waltham Forest	11	11	11	15	15
Metropolitan authorities					
Birmingham	26	29	31	32	30
Coventry	39	46	48	47	41
Dudley	4	5	6	5	4
Sandwell	14	15	16	18	16
Solihull	19	23	22	25	29
Walsall	35	41	48	47	43
Wolverhampton	33	41	43	47	44
Knowsley	16	16	18	12	15
Liverpool	44	47	53	53	48
St.Helens	24	24	25	27	27
Sefton	35	37	38	41	39
Wirral	40	44	46	46	44
Bolton	22	22	26	24	24
Bury	11	11	11	11	13
Manchester	18	20	18	20	28
Oldham	31	29	19	23	21
Rochdale	14	16	17	16	15
Salford	1	0	1	2	1
Stockport	20	16	11	9	17
Tameside	1	1	2	2	2
Trafford	30	24	26	27	27
Wigan	8	6	7	8	6
Barnsley	3	4	4	4	5
Doncaster	37	40	44	45	42
Rotherham	26	28	27	31	30
Sheffield	16	18	18	18	19
Bradford	41	46	47	46	45
Calderdale	40	44	46	49	43
Kirklees	23	23	25	23	22
Leeds	36	40	40	44	40
Wakefield	23	24	26	28	28
Gateshead	29	28	33	32	32
Newcastle upon Tyne	48	52	52	55	51
North Tyneside	33	34	35	36	36
South Tyneside	5	6	7	7	7
Sunderland	11	12	13	13	12
Counties					
Avon	38	43	49	47	44
Bedfordshire	39	42	43	44	41
Berkshire	48	54	57	57	57
Buckinghamshire	45	50	54	55	53
Cambridgeshire	28	33	36	35	34
Cheshire	34	36	38	38	38
Cleveland	6	7	6	7	7
Cornwall (including Isles of Scilly)	29	30	33	27	27
Cumbria	33	37	37	41	40
Derbyshire	25	28	31	29	30
Devon	33	38	39	41	41
Dorset	38	44	47	49	48
Durham	22	24	25	25	24
East Sussex	28	33	35	35	33
Essex	26	28	29	30	28
Gloucestershire	45	46	48	47	46
Hampshire	10	10	11	11	10
Hereford and Worcester	35	36	39	39	40
Hertfordshire	53	58	62	63	60
Humberside	19	20	21	23	20
Isle of Wight	48	48	51	54	51
Kent	42	49	51	52	52

Percentage of 16 year olds in school by LEA, England, 1990–91 to 1994–95

	1990–91	*1991–92*	*1992–93*	*1993–94*	*1994–95*
Lancashire	16	16	17	18	17
Leicestershire	36	38	39	40	38
Lincolnshire	30	31	34	36	36
Norfolk	29	32	34	37	37
North Yorkshire	35	38	39	40	40
Northamptonshire	39	45	50	51	48
Northumberland	40	47	47	50	48
Nottinghamshire	28	31	34	34	34
Oxfordshire	42	50	54	55	52
Shropshire	22	23	27	28	27
Somerset	28	31	31	30	31
Staffordshire	25	28	30	30	31
Suffolk	41	46	47	52	48
Surrey	38	40	42	42	42
Warwickshire	33	36	36	38	36
West Sussex	35	39	41	39	38
Wiltshire	30	31	36	35	34
England	31	34	35	36	35

[1] Data for individual boroughs are not reliable.
Source:
Schools' Census, population estimates.

GCSE Scores

Ms Walley: To ask the Secretary of State for Education and Employment if he will list in rank order *(a)* the percentage of pupils obtaining five or more GCSEs at grades A to C in 1995–96 in each local education authority and *(b)* the expenditure per pupil; and if he will make a statement. [7325]

Dr. Howells: The following table lists in rank order for each local education authority the percentage of pupils obtaining five or more GCSEs at grade C or above in 1995–96 together with the expenditure per secondary pupil. In each case, the local education authority's rank order is indicated.

Maintained schools in England[1]

Local education authority	*Percentage of 15 year old pupils achieving 5 or more grades A*–C*[2]	*Rank*	*Secondary school unit cost (£)*	*Rank*
Isles of Scilly	73.1	1	4,347	104
Kingston upon Thames	59.9	2	2,374	66
Sutton	56.4	3	2,480	78
Harrow	53.5	4	2,660	89
Barnet	53.4	5	2,533	81
North Yorkshire	53.0	6	n/a	n/a
North Somerset	52.5	7	n/a	n/a
Richmond upon Thames	52.2	8	2,431	72
Redbridge	50.8	9	2,510	80
West Sussex	50.6	10	2,239	37
Buckinghamshire	50.5	11	2,288	50
Surrey	50.5	11	2,260	44
Bromley	50.3	13	1,851	1
Gloucestershire	50.2	14	2,082	12
Somerset	50.0	15	2,212	30
Solihull	49.6	16	2,241	38
Cheshire	49.3	17	2,147	16
Dorset	49.3	17	2,067	9
Hertfordshire	49.3	17	2,366	64
Stockport	49.0	20	2,225	31
Berkshire	48.8	21	2,211	28
Bury	48.6	22	2,081	11
Trafford	48.6	22	2,433	73
Wiltshire	48.3	24	2,251	40
Shropshire	48.0	25	2,384	67
York	47.7	26	n/a	n/a
Bath and North east Somerset	47.4	27	n/a	n/a
Suffolk	47.0	28	2,165	20
Bexley	46.8	29	2,291	51
Kensington and Chelsea	46.7	30	3,602	102
Cambridgeshire	46.7	30	2,172	21
Cornwall	46.7	30	2,229	35
Hampshire	46.5	33	2,210	27
Northumberland	46.1	34	1,990	2

Maintained schools in England[1]

Local education authority	*Percentage of 15 year old pupils achieving 5 or more grades A*–C*[2]	*Rank*	*Secondary school unit cost (£)*	*Rank*
Oxfordshire	45.8	35	2,199	25
Dudley	44.9	36	2,175	22
South Gloucester	44.7	37	n/a	n/a
Hereford and Worcester	44.6	38	2,055	6
Isle of Wight	44.5	39	2,085	13
Lincolnshire	44.5	39	2,412	70
Wirral	44.4	41	2,323	58
Cumbria	44.2	42	2,287	48
Devon	44.2	42	2,187	24
Havering	44.1	44	2,622	87
Sefton	44.0	45	2,304	54
Wigan	43.9	46	2,307	56
Kent	43.7	47	2,343	61
Warwickshire	73.7	47	2,225	32
East Riding of Yorkshire	43.6	49	n/a	n/a
Northamptonshire	43.5	50	2,163	18
East Sussex	43.3	51	2,395	68
Essex	43.1	52	2,325	59
Camden	43.0	53	2,888	95
Bedfordshire	42.7	54	2,163	19
Lancashire	42.6	55	2,268	45
Hounslow	42.3	56	2,535	82
Derbyshire	42.0	57	2,234	36
Bolton	41.9	58	2,287	49
Norfolk	41.9	58	2,319	57
North Tyneside	41.1	60	2,201	26
Enfield	41.0	61	2,367	65
Hillingdon	40.9	62	2,624	88
St. Helens	40.9	62	2,063	8
Staffordshire	40.9	62	2,061	7
Calderdale	39.7	65	2,485	79
Leicestershire	39.7	65	2,269	46
Croydon	38.8	67	2,543	83
Kirklees	38.4	68	2,258	41
Merton	38.3	69	2,593	86
Coventry	38.0	70	2,477	77
Redcar and Cleveland	37.6	71	n/a	n/a
North Lincolnshire	37.6	71	n/a	n/a
Sheffield	37.2	73	2,182	23
Stockton on Tees	37.2	73	n/a	n/a
Leeds	36.6	75	2,259	43
Gateshead	36.6	75	2,250	39
Nottinghamshire	36.4	77	2,333	60
Rotherham	36.2	78	2,211	29
Durham	36.2	78	2,072	10
Rochdale	35.4	80	2,275	47
Tameside	35.4	80	2,010	3
Hammersmith and Fulham	35.3	82	3,328	101
Wakefield	35.3	82	2,055	5
South Tyneside	35.2	84	2,096	15
Brent	35.1	85	2,418	71
Ealing	34.6	86	2,477	76
Doncaster	33.5	87	2,292	52
Waltham Forest	33.4	88	2,736	90
Oldham	33.3	89	2,294	53
Westminster	33.0	90	2,863	94
Birmingham	32.9	91	2,555	85
Wandsworth	32.8	92	2,953	97
Newcastle upon Tyne	32.7	93	2,346	62
North-east Lincolnshire	32.4	94	n/a	n/a
Walsall	32.2	95	2,158	17
Hartlepool	31.9	96	n/a	n/a
Sunderland	31.7	97	2,228	34
City of Bristol	30.9	98	n/a	n/a
Wolverhampton	30.2	99	2,460	74
Salford	30.1	100	2,226	33
Lewisham	30.0	101	2,765	91
Greenwich	29.1	102	2,768	92
Bradford	28.9	103	2,030	4
Haringey	28.5	104	3,018	99
Barnsley	28.2	105	2,089	14

Maintained schools in England[1]

Local education authority	*Percentage of 15 year old pupils achieving 5 or more grades A*–C*[2]	*Rank*	*Secondary school unit cost (£)*	*Rank*
Newham	27.9	106	2,546	84
Liverpool	27.6	107	2,406	69
Barking and Dagenham	27.1	108	2,473	75
Manchester	27.0	109	2,305	55
Middlesbrough	26.9	110	n/a	n/a
Sandwell	26.5	111	2,362	63
Hackney	25.7	112	2,963	98
Lambeth	25.1	113	3,859	103
Southwark	24.6	114	2,840	93
Tower Hamlets	23.9	115	3,206	100
Knowsley	23.6	116	2,259	42
City of Kingston upon Hull	22.8	117	n/a	n/a
Islington	22.4	118	2,941	96

[1] The figures for GCSE achievements are based on LEA maintained and grant maintained schools in England. The unit cost figures are based on LEA maintained schools only and exclude grant maintained schools.
[2] The percentage of 15-year-olds pupils achieving five or more GCSE grands A*–C are based on those pupils aged 15 on roll in maintained schools in January 1996.

Old Documents

Mr. Baker: To ask the Secretary of State for Education and Employment what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7196]

Dr. Howells *[holding answer 8 July 1997]:* There is no material, appropriate for transfer to the Public Record Office, retained by the Department at this time.

Lifelong Learning

Mr. Chaytor: To ask the Secretary of State for Education and Employment what steps he is taking to widen participation in lifelong learning following the publication of the Kennedy report. [7127]

Dr. Howells *[holding answer 9 July 1997]:* The Further Education Funding Council is consulting widely about Helena Kennedy's report to it and we will consider carefully the views expressed and advice from others, including the Advisory Group on Continuing Education and Lifelong Learning chaired by Professor Bob Fryer. Our plans for widening participation will be set out in a White Paper on Lifelong Learning in the Autumn.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for Education and Employment if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7145]

Dr. Howells: The Department is on schedule to achieve the milestones identified by the Central IT Unit, Cabinet Office in response to the Year 2000 problem. By October 1997, we expect to produce a "prioritised" and fully costed plan for undertaking the appropriate and cost justified work. System modification and testing should be completed by December 1998. Accurate figures of the likely cost of dealing with the Year 2000 problem will not be available until the completion of the prioritised plan. The cost of remedial and preventative action will be met from within existing departmental provision.

Job Clubs

Mr. Chaytor: To ask the Secretary of State for Education and Employment what plans he has to extend the criteria for eligibility for attendance at job clubs to those who have had a series of brief periods of temporary unemployment but are otherwise long-term unemployed. [7109]

Mr. Alan Howarth: There are no plans at present to change the eligibility criteria for this programme.

Letter from Leigh Lewis to Mr. David Chaytor, dated July 1997:

The Secretary of State has asked me to reply to your question about extending the criteria for attendance at Jobclubs. This is something that falls within the responsibilities delegated to me as Chief Executive of the Agency.

Normally, a jobseeker must be continually unemployed for a period of at least 26 weeks before they become eligible to join a Jobclub. However, breaks in this period (for example, for short term work or holidays) can be discounted provided that this does nto exceed a total of 28 days.

There are no plans at present to change the eligibility criteria for this programme.

I hope this is helpful.

Engineering

Mrs. Curtis-Thomas: To ask the Secretary of State for Education and Employment (1) how many female engineering undergraduates entered universities in the United Kingdom in each year since 1986; [7052]

(2) how many women graduated at first degree level in engineering in each year since 1988. [7053]

Dr. Howells: The available information is given in the following table.

Care should be taken in comparing the graduate and entrant numbers to derive "graduation rates" because graduates from a particular entrant cohort will not necessarily graduate together in the same year. Moreover, there are timing/coverage differences between the entrant and graduate figures throughout the time series as footnoted in the table.

Female engineering students at first degree level in the UK (000s)

Year[1]	[2]Entrants	[3]Graduates
1986	1.8	—
1987	1.9	—
1988	1.9	1.3
1989	2.5	1.3
1990	2.9	1.6
1991	3.6	1.8
1992	3.5	2.2
1993	4.1	2.5
1994	4.8	2.9
1995	4.7	3.2
1996	4.5	3.5

[1] From 1994–95 data were collected by the Higher Education Statistics Agency (HESA).

[2] Data are for academic years. From 1988 figures include entrants to all higher education institutions including universities, polytechnics and other HE establishments. Prior to 1988, entrants to English establishments other than universities and polytechnics are excluded. Entrants to first degree study in further education establishments are excluded throughout.

[3] Data are for calendar years up to 1993–94 and academic years thereafter. Up to 1994, graduates from all institutions including further education institutions are included. Thereafter graduates from FEIs are excluded.

Further Education Funding (Worcestershire)

Mr. Luff: To ask the Secretary of State for Education and Employment what discussions he has had with the Further Education Funding Council over the level of funding for further education colleges in Worcestershire, with particular reference to Evesham College; and if he will make a statement. [6772]

Dr. Howells: None. It is for the Further Education Funding Council to make decisions concerning the funding allocations to colleges.

Full Employment

Mr. Colvin: To ask the Secretary of State for Education and Employment what commitments he has made in respect of achieving full employment. [7319]

Mr. Andrew Smith: The Government's central economic objective is to achieve high and stable levels of growth and employment. This will be pursued by running a successful low inflation economy, with macro-economic stability as a platform for sustainable growth, and by enhancing skills and improving the operation of the labour market to open up job opportunities to all groups in society.

Mr. Colvin: To ask the Secretary of State for Education and Employment what is his Department's definition of full employment. [7318]

Mr. Smith: The Department has no such definition. The Government's objective is to achieve high and stable levels of growth and employment, and a fair society in which everyone can share in higher living standards and greater job opportunities.

Primary Class Sizes

Ms Oona King: To ask the Secretary of State for Education and Employment how many five, six and seven-year-olds in classes taught by one teacher are in classes of 31 pupils or more, in *(a)* Newham, *(b)* Tower Hamlets, *(c)* Hackney, *(d)* Redbridge, *(e)* Waltham Forest and *(f)* Barking and Dagenham, expressed in (i) absolute terms and (ii) as a proportion of all five, six and seven-year-olds; and what are the corresponding figures for the United Kingdom. [6856]

Mr. Byers *[holding answer 7 July 1997]:* The information is not available in the form requested.

Provisional estimates of the numbers and percentages of pupils in key stage 1 classes taught by one teacher in maintained primary schools for each local education authority area as requested and England are shown in the table.

Numbers and percentages of pupils in Key Stage 1 Classes[1] taught by one teacher with 31 or more pupils in maintained primary schools

January 1997 (provisional estimates)

	Number	Percentage
Newham	1,262	14
Tower Hamlets	475	7
Hackney	540	10
Redbridge	2,331	32
Waltham Forest	916	13
Barking and Dagenham	909	14
England	476,934	29

[1] Includes reception classes. Information on class sizes in Wales, Scotland and Northern Ireland is the responsibility of my right hon. Friends the Secretaries of State for these countries.

Nursery Education

Ms Oona King: To ask the Secretary of State for Education and Employment what proportion of *(a)* three-year-olds and *(b)* four-year-olds currently have nursery places in (i) Newham, (ii) Tower Hamlets, (iii) Hackney, (iv) Redbridge, (v) Waltham Forest and (vi) Barking and Dagenham; and what are the corresponding figures for the United Kingdom. [6815]

Mr. Byers *[holding answer 7 July 1997]:* Provisional figures for 1997 show that the percentages of three and four-year-olds in maintained nursery schools and nursery classes in maintained primary schools in England were 33 and 24 per cent. respectively. Figures for percentages of three and four-year-olds for local education authority areas in England are not sufficiently reliable for publication.

Provisional estimates of the percentages of pupils under five years of age in maintained nursery schools and nursery classes in maintained primary schools for each

local education authority area as requested and England are shown in the following table.

Percentage[1] of children under five years of age in maintained nursery schools and nursery classes in maintained primary schools January 1997 (provisional estimates)

	Number
Newham	53
Tower Hamlets	61
Hackney	32
Redbridge	25
Waltham Forest	39
Barking and Dagenham	48
England	29

[1] Number of pupils under five years of age in relation to number of children aged three and four at 31 December 1996.

Information on nursery provision in Wales, Scotland and Northern Ireland is the responsibility of my right hon. Friends the Secretaries of State for these countries.

HEALTH

Private Finance Initiative

Mr. Jack: To ask the Secretary of State for Health, pursuant to his answer to the hon. Member for Slough (Fiona Mactaggart) of 10 June, *Official Report*, columns *427-28*, what is his definition of genuine health need for the purposes of determining priority for hospital projects seeking funding from public capital. [6822]

Mr. Milburn: The National Health Service Executive National Capital Prioritisation Advisory Group has recently been tasked with evaluating all major capital projects in the NHS on the basis of service need.

The criteria for measuring health service need is expected to be similar to that used to assess service need in the recent Private Finance Initiative prioritisation exercise, copies of which have been placed in the Library.

Mr. Jack: To ask the Secretary of State for Health (1) what criteria will be employed to determine the priority for funding from public capital of projects deemed unsuitable as a PFI project; [6795]

(2) if he will list the criteria which will be used to select hospitals for inclusion in his future list of projects to be pursued by the PFI. [6793]

Mr. Milburn: The National Health Service Executive National Capital Prioritisation Advisory Group will review all major acute schemes on the basis of health service need, regardless whether they are to be funded from public or private capital.

The criteria for measuring health service need is expected to be similar to that used to assess service need in the recent Private Finance Initiative prioritisation exercise, copies of which have been placed in the Library.

Mr. Jack: To ask the Secretary of State for Health if he will make a statement on the development of alternative models of structuring private finance schemes. [6796]

Mr. Milburn: Alternative models for structuring capital investment projects under the Private Finance Initiative (PFI) will be considered as part of the review of the PFI which I announced on 10 June, *Official Report*, columns *427–28*. The results of the review will be announced towards the end of the year.

Work Load Planning

Mr. Jack: To ask the Secretary of State for Health if he will make a statement listing by specialty his work load planning assumptions for (i) 1997–98, (ii) 1998–99 and (iii) 1999–2000. [6738]

Mr. Milburn: The Department of Health does not make central work load planning assumptions. Resources are allocated to health authorities who plan activity according to local needs and priorities.

Health authorities are required to report their planned activity levels to the Department. Plans submitted by health authorities show the following general and acute activity levels for 1997–98.

Health Authority General and Acute Activity Plans, 1997–98 (000s)

Elective activity	*Number*
Inpatients: FCEs	5,028
of which:	
ordinary admissions	1,992
day cases	3,036
Outpatient first attendances	10,475
Emergency Services	
Non-elective admissions	4,375
A and E first attendances	12,721

Source:

Common Information Core.

Plans for 1998–99 and 1999–2000 will be available in mid 1998 and mid 1999 respectively.

Clinical Support Services

Mr. Jack: To ask the Secretary of State for Health what is his Department's definition of a clinical support service; and if he will publish a list of those services currently used in the NHS. [6797]

Mr. Milburn: The Department of Health does not have an established definition of clinical support services. As part of the review of Private Finance Initiative, officials will be considering what services may be included in PFI projects and are aiming to produce a list of these by the end of the year.

Medical Procedures

Mr. Jack: To ask the Secretary of State for Health if he will list for each purchasing authority those medical procedures for which funding is not currently available. [6803]

Mr. Milburn: Purchasers are responsible for funding those services which are clinically effective and meet the needs of local people in light of the resources available.

Primary Act Pilot Initiative

Mr. Jack: To ask the Secretary of State for Health when members of the Heywood Associations of Small Practices will hear if their application to be part of the primary act pilot initiative has been approved. [6844]

Mr. Milburn: There are two stages to the application process to enter the personal medical services pilot scheme under the National Health Service (Primary Care) Act 1997. Firstly an expression of interest should have been made by 1 May followed by a formal application. Everyone who has submitted an expression of interest to pilot new contractual arrangements will receive individual feedback on their proposal from their local health authority and will be given the opportunity to re-visit their proposal in light of comments made. A formal application to enter into a personal medical services pilot will need to be submitted to health authorities before 1 November. Applicants will be notified as to whether their application has been approved before the end of December.

NHS Services

Mr. Jack: To ask the Secretary of State for Health what is his Department's definition of a clinical service; and if he will publish a list of those services currently used in the NHS. [6798]

Mr. Milburn: The Department of Health does not have an established definition of a clinical service. As part of the review of Private Finance Initiative, officials will be considering what services may be included in PFI projects and are aiming to produce a list of these by the end of the year.

Departmental Annual Report

Mr. Jack: To ask the Secretary of State for Health if he will update Table 4.2 of his Department's 1997 annual report. [6804]

Mr. Milburn: Table 4.2 of the 1997 annual report ("Top-sliced Funding Over £10 million: 1996–97 and 1997–98") has been updated and is shown in the table:

Budget	*1996–97 £ million*[1]	*1997–98 £ million*[2]
Community Health Councils	21	22
Dental Practice Board	20	20
Prescription Pricing Authority	42	41
Special Hospitals	130	131
National Blood Authority	8	11
All other budgets	24	22
Total	245	247

[1] Initial allocation at 1996–97 prices.[2] Initial allocation at 1997–98 prices.

NHS Expenditure Review

Mr. Jack: To ask the Secretary of State for Health if he will make a statement on the remit that his fundamental expenditure review of the NHS will be following; and when he is planning to conclude this work and report back to the Chief Secretary. [6791]

Mr. Milburn: I refer the hon. Member to the reply given to the hon. Member for Stratford-on-Avon (Mr. Maples) on 7 July 1997, columns *308–309*.

Creutzfeldt-Jakob Disease

Mr. Gill: To ask the Secretary of State for Health how many cases of CJD have been confirmed in each of the last 10 years. [7377]

Ms Jowell: The latest figures on the number of cases of Creutzfeldt-Jakob Disease, including new variant CJD, in the United Kingdom were published in a Department of Health press release on 7 July 1997, copies of which have been placed in the Library.

The numbers of deaths recorded from sporadic CJD in England and Wales has increased from about 10 per year at the beginning of the 1970s to about 35 per year in the 1990s. No increase in the annual number of cases in Scotland and Northern Ireland is evident since 1985 (when figures became available). Most of the increase has been in the over 70 age group. The increase is thought to be most likely due to improved ascertainment rather than a real increase in the incidence of disease.

NHS Efficiency Task Force

Mr. Jack: To ask the Secretary of State for Health (1) if he will publish the terms of reference of the NHS efficiency task force; [6942]

(2) by what date he has requested that the NHS efficiency task force complete its work and report to him; [6944]

(3) if he will publish the findings of the NHS efficiency task force; and if he will allow a period for public consultation on its findings. [6943]

Mr. Milburn: The National Health Service efficiency task force is working with me to explore more efficient ways of delivering high quality patient care. The group has no formal terms of reference but is generating ideas, particularly about areas which are likely to produce benefits over the next eighteen months. The task force will not produce a formal report. Ideas will be taken forward by Ministers and officials with appropriate consultation.

Fertility Treatment

Mr. Gray: To ask the Secretary of State for Health what plans he has to review the provision of NHS fertility treatment. [6928]

Ms Jowell: I refer the hon. Member to the reply I gave the hon. Member for Salisbury (Mr. Key) on 20 May 1997, columns *57–58*.

Dental Services

Ms Keeble: To ask the Secretary of State for Health, pursuant to his answer of 6 June, *Official Report*, column *281*, if the figures for dentists on health authority lists are dentists who accept NHS patients. [7384]

Mr. Milburn: All dentists on health authority lists are providing some National Health Service dental treatment.

Long-term Care

Mr. Colvin: To ask the Secretary of State for Health when he intends to publish the conclusions of his discussions with the Local Government Association on

12 May concerning the improvement of provision on long-term care for the elderly; and if he will make a statement. [7223]

Mr. Boateng: The meeting covered a range of topics including long term care. The views of the Local Government Association are valued and will be taken into account as we decide what action to take on provision of long-term care for the elderly.

Capital Investment

Ms Keeble: To ask the Secretary of State for Health, pursuant to his answer to the hon. Member for Ipswich (Mr. Cann) of 6 June, *Official Report*, column 282, for what reasons the costs were higher in 1992–93 than in 1996–97. [7383]

Mr. Milburn: In 1992–93 the dental fee scale that was in place was delivering a higher target net income than the Doctor and Dentists Review Body (DDRB) had recommended. Since January 1994, the way in which dental remuneration is set has changed; the DDRB has recommended a percentage uplift in the fees. Despite the increase in fees from 1994, changes to the complexity and volume of work done under the General Dental Service have meant that treatment costs in 1996–97 have only returned close to 1992–93 levels.

Prescription Fraud

Mr. Swayne: To ask the Secretary of State for Health what proposals he has to reduce prescription fraud in the NHS in cases where the control over prescribing has been devolved by doctors to pharmacists. [7323]

Mr. Milburn: Doctors may not devolve their responsibilities for prescribing to pharmacists.

Health Authority Membership

Mrs. Virginia Bottomley: To ask the Secretary of State for Health when he will answer the question from the right hon. Member for South-West Surrey of 3 July on the number of Labour and Liberal Democrat hon. Members of the House of Commons and the House of Lords who served on NHS health authorities or trusts. [8017]

Mr. Milburn: The question was answered on 9 July, column *500*.

Postal and Proxy Forms (Charges)

Mr. Burstow: To ask the Secretary of State for Health in what circumstances general practitioners are permitted to charge people for signing postal and proxy forms; and what guidance his Department has provided on this issue. [6658]

Mr. Milburn: General practitioners are not permitted to charge patients for signing a postal or proxy form to enable a person to be registered as an absent voter on grounds of physical incapacity. This is set out in Schedule 9 of the National Health Service (General Medical Services) Regulations 1992.

Health Services (Warrington)

Helen Jones: To ask the Secretary of State for Health if he will take steps to ascertain the views of people in the Warrington, North constituency on local national health service services. [7218]

Mr. Milburn: North Cheshire Health Authority has recently developed a system of relationships and networks in local communities, including Warrington, North, to enable residents to put their views and suggestions to the health authority. Participants include health authority and hospital staff, general practitioners, voluntary organisations, community health councils, education and local authority representatives.

Helen Jones: To ask the Secretary of State for Health if he will provide funding for the continuation of the Health Watch Project run by the Warrington Community Health Council. [7219]

Mr. Milburn: I have no plans to do so.

Community Health Councils

Helen Jones: To ask the Secretary of State for Health what steps he intends to take to increase the powers of community health councils. [7220]

Mr. Milburn: Community health councils have an important statutory role in representing the interests of the public in their districts in the National Health Service. We will be keeping this under review as we develop proposals for wider changes to the NHS which we will outline later this year in a White Paper on our plans to replace the internal market.

Biotechnological Inventions

Mr. Flynn: To ask the Secretary of State for Health what research his Department has undertaken into the possible human health implications of the draft European Parliament and Council directive on the legal protection of biotechnological inventions; and if he will make a statement. [7343]

Ms Jowell: Primary responsibility for taking forward developments and negotiations on this directive rests not with the Department, but with the Department of Trade and Industry. The Department has not carried out research into the human health implications of the directive. The European Parliament is due to give its first Opinion on the draft proposal next week, and the draft is likely to be amended further by the Commission. When the terms of the proposals to be put to Council of Ministers are known, we understand that the DTI will be undertaking further studies.

However, in relation to the human health implications of the draft proposal, we should add that whilst the patent system is designed to encourage research by providing a limited monopoly to allow companies to recoup their investment, a patent only gives its holder rights to prevent others from using an invention. The patent holder must comply with all other legislation and regulations if the invention is to be made.

Community Care (Transitional Grant)

Mr. Burstow: To ask the Secretary of State for Health if he will list for each of the last five years the amount

his Department paid to each local authority in respect of special transitional grant for community care and the percentage change from one year to the next. [7435]

Mr. Boateng: The information requested has been placed in the Library. There is no direct link between one year's allocation of special transitional grant and the next for the following reasons:

- the effect of Local Authorities reorganisation (the number of new unitary authorities that have been created and the subsequent effect on boundaries); and
- each year's STG is incorporated into the Personal Social Services Standard Spending Assessments for the following year, so that year's allocation is in addition to, and not a replacement for the previous allocation.

A table showing a better overview of community care funding has also been placed in the Library as has an additional table which shows total resources provided for local authority community care responsibilities, together with the annual percentage change.

Social Services (Charges)

Mr. Burstow: To ask the Secretary of State for Health what plans he has to issue new guidance to local authorities on charging for social services. [7436]

Mr. Boateng: The Government has no immediate plans to issue guidance. This is a complex matter where there are considerable concerns about how satisfactory the current framework is. We are actively reviewing this area.

Mr. Burstow: To ask the Secretary of State for Health what research his Department has *(a)* undertaken and *(b)* planned into the charging policies of local authority social services departments; and if he will publish the research. [7437]

Mr. Boateng: No specific research on social services charging policies has been commissioned by the Department of Health, nor is any planned, although some evaluative research on the community care reforms touches on charging issues. The Department is aware of recent research on social services charging policies such as that published by the Joseph Rowntree Foundation, and has given this due consideration. The Department receives regular feedback on social services charging practices around the country, through local authority statistical returns and the Social Services Inspectorate.

Capital Prioritisation Advisory Group

Mr. Jack: To ask the Secretary of State for Health (1) if the final outcome of the prioritisation exercise to be carried out by the NHS Executive Capital Prioritisation Advisory Group will be subject to Treasury approval; [7790]

(2) if he will publish the membership of the NHS Executive Capital Prioritisation Advisory Group; [7799]

(3) what methodology and criteria will be used by the NHS Executive Capital Prioritisation Advisory Group in determining those projects which in Spring 1998 will be announced as *(a)* proceeding via the PFI or i(b) being funded from public sector capital; [7796]

(4) if he will make a statement on the criteria that will apply in the national capital prioritisation exercise to be undertaken by the NHS Executive Capital Prioritisation Advisory Group; [7808]

(5) what plans he has to hold meetings of the NHS Executive Capital Prioritisation Advisory Group in public; [7798]

(6) if he will list the criteria to be used by its NHS Executive Capital Prioritisation Advisory Group in coming to its decisions. [7795]

Mr. Milburn: The National Health Service Executive National Capital Prioritisation Advisory Group will comprise of senior members of both NHS Executive headquarters and regional offices. It will consider the case for all future major capital schemes and make recommendations to Ministers on priorities for both major publicly funded and Private Finance Initiative schemes. Details of its membership and working arrangements are being considered by Ministers and have not yet been finalised.

It is expected that the criteria for measuring health service need will be similar to that used to assess service need in the recent Private Finance Initiative prioritisation exercise, copies of which have been placed in the Library.

PFI Hospital Projects

Mr. Jack: To ask the Secretary of State for Health if he will list those approved PFI hospital projects which currently do not have 1:50 scale architects' drawings available. [7788]

Mr. Milburn: Of the 14 major acute sector schemes selected for prioritisation as part of the first stage of the review of the Private Finance Initiative in the National Health Service, only two schemes, Dartford and Gravesham and Norfolk and Norwich have been approved. The 1:50 drawings have been produced by Dartford and Gravesham NHS Trust and signed off by the trust's clinical staff. Norfolk and Norwich NHS Trust plans to develop the 1:50 scale drawings further with its private sector partner as the construction, building and engineering infrastructure of the PFI scheme progresses.

Mr. Jack: To ask the Secretary of State for Health if he will list for each of his approved PFI hospital scheme the amount of money given to the relevant hospital trust to bridge the affordability gap. [7775]

Mr. Milburn: The trusts with prioritised Private Finance Initiative schemes which have been offered funds from the support scheme are shown in the list. The trusts are still negotiating with their private sector partners to bring these projects to financial close. Therefore, the amount of support being offered to each trust is commercial in confidence. However the total cost of the support scheme is not expected to exceed £9 million a year, less than 1 per cent. of the total National Health Service capital budget.

- Bishop Auckland Hospitals NHS Trust
- Bromley Hospitals NHS Trust
- Calderdale Healthcare NHS Trust
- Carlisle Hospitals NHS Trust
- Dartford and Gravesham NHS Trust
- Hereford Hospitals NHS Trust
- North Durham Acute Hospitals NHS Trust
- Swindon and Marlborough NHS Trust
- Wellhouse NHS Trust
- Worcester Royal Infirmary NHS Trust.

Mr. Jack: To ask the Secretary of State for Health what assessment he has made of how NHS trusts unsuccessful in achieving priority status for their PFI hospital project will be expected to deal with costs which have so far been incurred but which would have been capitalised had its project been successful. [7813]

Mr. Milburn: Those trusts unsuccessful in achieving priority status have been asked to cease any further action on their Private Finance Initiative projects and stand down their private sector partner if they have selected one. These schemes will be eligible for consideration by the National Health Service Executive's Capital Prioritisation Advisory Group. This Group will consider all major acute schemes on the basis of health service need and recommend schemes to go forward either as part of the next tranche of PFI schemes or for funding from available public sector capital.

All PFI professional services are charged to trusts' revenue in accordance with United Kingdom GAAP (General Accepted Accounting Practice), in particular the fundamental accounting principal of prudence which means that, due to uncertainty about the outcome of projects, expenditure such as professional fees should be charged to revenue.

Mr. Jack: To ask the Secretary of State for Health what plans he has to make available funds to bridge future affordability gaps which arise in the next round of announcements of PFI approved hospitals. [7774]

Mr. Milburn: There are no plans at present to extend the support scheme to further schemes.

Donepezil

Mr. Burstow: To ask the Secretary of State for Health what discussions his Department has had with *(a)* health authorities, *(b)* clinicians and *(c)* voluntary organisations about the introduction of the drug donepezil. [7726]

Mr. Milburn: We have consulted health authorities, the Standing Medical Advisory Committee and the Alzheimers Society over the possible issuing of guidance on the introduction of this drug.

Elderly Patients

Mrs. May: To ask the Secretary of State for Health what is the average cost to the NHS of patients aged over 60 years. [7809]

Mr. Boateng: Figures on Hospital and Community Health (HCHS) services are set out in the Department of Health, Government Expenditure plans, copies of which are available in the Library. People aged 65 and over account for some 41 per cent. of total HCHS spending although they make up 16 per cent. of the population. In 1994–95 it was estimated that £9,191 million of the total £22,237 million HCHS spending was devoted to people aged 65 and over.

Mrs. May: To ask the Secretary of State for Health how many and what percentage of patients aged over 60 years use the NHS each year. [7812]

Mr. Boateng: Figures for the estimated number of finished consultant episodes for people aged 60 and over are shown in the table. This does not include out-patient attendances, which are collected and published annually in "Outpatients and ward attenders for England", as these data are not broken down by age group. Information on the number of patients registered with General Practitioners on 1 April and 1 October of each year for people aged 65 and over is available in "General Medical Services Statistics for England and Wales". The latest version for 1 October 1996 is available in the Library.

Estimated number of Finished Consultant Episodes (FCEs), ordinary admissions and day cases combined, NHS hospitals, England 1994–95

	Number
Total number of FCEs	10,550,213
Number of FCEs aged 60 and over	3,611,898
Percentage of total FCEs	34.2

Alzheimer's Disease

Mr. Burstow: To ask the Secretary of State for Health what assessment he has made of the recommendations contained in the Alzheimer's Disease Society's report, "No Accounting for Health", a copy of which has been sent to him; and if he will make a statement. [7736]

Mr. Boateng: We welcome the Alzheimer's Disease Society report, "No Accounting for Health". The recommendations will help raise the profile of the issues concerning those suffering from dementia. It will complement the guidance recently issued in the Handbook Mental Health and Older People.

SOCIAL SECURITY

Community Care

Mr. Burstow: To ask the Secretary of State for Social Security what plans she has to increase the community care grant budget. [7365]

Mr. Keith Bradley: The size and composition of the discretionary Social Fund budget is determined annually. The budget for 1998–99, including provision for community care grants will be announced in March next year.

Jobseeker's Allowance

Mr. Rooney: To ask the Secretary of State for Social Security in the third and fourth quarters of 1996–97, how many jobseeker's allowance claimants *(a)* applied for and *(b)* received hardship payments; and what percentage of all sanctioned claimants received a payment in the categories (i) voluntary unemployment or as a result of misconduct, (ii) availability for work, (iii) actively seeking work, (iv) refusing employment, (v) refusing or failing to attend a compulsory Government programme, (vi) jobseeker's agreement and (vii) jobseeker's direction. [7727]

Mr. Bradley: Our Welfare to Work objectives are to provide work incentives, to reduce poverty and welfare dependency and to strike a new balance between rights and responsibilities. We will ensure that Jobseeker's Allowance supports this new balance.

The number of jobseekers who applied for hardship payments in the period October 1996 to November 1996 and December 1996 to February 1997 were 3,000 and 15,000 respectively. The numbers of hardship awards made for the same periods were 2,000 and 11,000. A breakdown of hardship awards made by reason for sanction is not presently available.

Mr. Rooney: To ask the Secretary of State for Social Security, in each quarter since 1995, what proportion of jobseeker's allowance claimants reported income from employment; what were the mean and median levels of earnings declared; and what was the breakdown of weekly earnings in £10 bands for (i) single jobseeker's allowance claimants, (ii) couples receiving income based jobseeker's allowance and (iii) lone parents in receipt of income support. [7731]

Mr. Bradley: Jobseeker's allowance replaced income support and unemployment benefit as the main benefit for the unemployed in October 1996. Information on the numbers of people receiving jobseeker's allowance who have income from employment is not yet available. In addition, data prior to November 1995 are not reliable. Such information as is available is contained in the tables.

Proportion of unemployed claimants who have reported income from employment; mean and median declared earnings: November 1995 to August 1996

Great Britain

Quarter	Proportion with earnings Per cent.	Mean earnings declared	Median earnings declared
November 1995	4	£53.37	£30.00
February 1996	4	£52.77	£30.00
May 1996	4	£50.28	£30.00
August 1996	4	£47.60	£28.80

Weekly earnings for single unemployed claimants: November 1995 to August 1996

Great Britain

Quarter	November 1995	February 1996	May 1996	August 1996
All with earnings	59,000	54,000	58,000	51,000
£0.01 to £10.00	9,000	8,000	9,000	8,000
£10.01 to £20.00	13,000	12,000	13,000	11,000
£20.01 to £30.00	10,000	10,000	10,000	9,000
£30.01 to £40.00	7,000	6,000	7,000	7,000
£40.01 to £50.00	6,000	5,000	5,000	4,000
£50.01 to £60.00	4,000	3,000	3,000	3,000
£60.01 to £70.00	2,000	1,000	2,000	1,000
£70.01 to £80.00	2,000	1,000	2,000	1,000
£80.01 to £90.00	1,000	1,000	1,000	1,000
£90.01 to £100.00	1,000	1,000	1,000	1,000
£100.01 and over	6,000	6,000	6,000	5,000

Weekly earnings for couple unemployed claimants in receipt of income support: November 1995 to August 1996

Great Britain

Quarter	November 1995	February 1996	May 1996	August 1996
All with earnings	16,000	14,000	16,000	13,000
£0.01 to £10.00	3,000	2,000	3,000	3,000
£10.01 to £20.00	5,000	4,000	5,000	4,000
£20.01 to £30.00	3,000	3,000	4,000	3,000
£30.01 to £40.00	2,000	1,000	2,000	1,000

Weekly earnings for couple unemployed claimants in receipt of income support: November 1995 to August 1996

Great Britain

Quarter	November 1995	February 1996	May 1996	August 1996
£40.01 to £50.00	1,000	1,000	1,000	1,000
£50.01 to £60.00	1,000	[1]2,000	[1]2,000	[1]1,000
£60.01 and over	2,000	n/a	n/a	n/a

Notes:

[1] £50.01 and over.

1. Unemployed claimant figures provide a lower bound on the numbers receiving payments from earnings. A number of recipients who receive earnings do not have the information recorded on the computer system.

2. Unemployed claimant figures show computerised claims only.

3. Income support lone parent recipients are those in receipt of the lone parent premium.

4. Caseload figures are rounded to the nearest thousand and as such totals may not tally.

5. The upper earnings band have been combined for any categories which, when rounded, would be shown as zero.

6. All figures are based on a 5 per cent. sample and as such are subject to a degree of sampling error.

Sources:

1. 5 per cent. sample of Unemployed claimants in Great Britain taken on the second Thursday of the months shown.

2. Income Support Statistics Quarterly Enquiry November 1995 to August 1996.

Weekly earnings for lone parents receiving income support: November 1995 to August 1996

Great Britain

Quarter	November 1995	February 1996	May 1996	August 1996
All with earnings	66,000	66,000	70,000	68,000
£0.01 to £10.00	4,000	4,000	5,000	5,000
£10.01 to £20.00	31,000	32,000	34,000	35,000
£20.01 to £30.00	14,000	14,000	14,000	13,000
£30.01 to £40.00	6,000	6,000	6,000	6,000
£40.01 to £50.00	5,000	4,000	5,000	5,000
£50.01 to £60.00	3,000	3,000	3,000	2,000
£60.01 to £70.00	1,000	1,000	1,000	1,000
£70.01 and over	1,000	1,000	1,000	1,000

Notes:

1. Unemployed claimant figures provide a lower bound on the numbers receiving payments from earnings. A number of recipients who receive earnings do not have the information recorded on the computer system.

2. Unemployed claimant figures show computerised claims only.

3. Income Support lone parent recipients are those in receipt of the lone parent premium.

4. Caseload figures are rounded to the nearest thousand and as such totals may not tally.

5. The upper earnings bands have been combined for any categories which, when rounded, would be shown as zero.

6. All figures are based on a 5 per cent. sample and as such are subject to a degree of sampling error.

Sources:

1. Five per cent. sample of Unemployed claimants in Great Britain taken on the second Thursday of the months shown.

2. Income Support Statistics Quarterly Enquiry November 1995 to August 1996.

Income Support

Mr. Rooney: To ask the Secretary of State for Social Security in the first two quarters of 1996–97 how many

claimants of income support *(a)* applied for and *(b)* received hardship payments; and what percentage of all sanctioned claimants received a payment in the categories (i) voluntary unemployment or result of misconduct, (ii) availability for work, (iii) actively seeking work, (iv) refusing employment and (v) refusing or failing to attend project work. [7728]

Mr. Keith Bradley: Unemployed people who were not able to demonstrate that they were available for and actively seeking work were not entitled to income support, but could apply for hardship payments if they would have otherwise suffered hardship. The number of hardship applications and awards for the period in question is in the table.

Reason	*Quarter ending May 1996*		*Quarter ending August 1996*	
	Applications	*Awards*	*Applications*	*Awards*
Not available for work	2,985	1,432	2,828	1,238
Not actively seeking work	1,702	469	1,415	412

Prior to the introduction of jobseeker's allowance claimants who were refused income support because of voluntary unemployment or misconduct or who refused employment or training did not lose their entitlement to income support but had a voluntary unemployment deduction imposed instead. The information for these individual categories is not available, but the table gives the overall numbers who had a voluntary unemployment deduction imposed.

May 1996: 25,000

August 1996: 26,000.

Back-to-work Bonus

Mr. Rooney: To ask the Secretary of State for Social Security how many claimants have established a back-to-work bonus and how many have qualified for a cash payment under the scheme in each quarter since 1996; and what is the average level of existing bonuses and cash payments awarded. [7732]

Mr. Keith Bradley: We will be evaluating the effectiveness of the back-to-work bonus scheme in the context of our welfare-to-work objectives, which are to provide work incentives, and to reduce poverty, and to tackle welfare dependency.

Back-to-work Bonus statistics[1]

	Number of claimants qualifying for and receiving a bonus payment in each quarter[2]
7 October 1996–November 1996	1,000
December 1996–February 1997	4,000
March 1997–May 1997	10,000

These figures are subject to revision.

Notes:

[1] Provisional data based on claims held on the Income Support Computer System (ISCS) and the Jobseeker's Allowance Payment Scheme (JSAPS). No clerically processed claims included. Numbers are rounded to the nearest thousand.

[2] Claims authorised for payment recorded on JSAPS and ISCS.

Source:

Back-to-work Bonus management information statistics.

	All claimants
Number of claimants who had accrued a bonus at the end of May 1997[1]	152,000
Estimated average level of existing bonuses accrued[1]	£164.52
Estimated average bonus payment made from October 1996 to May 1997[2]	£172.11

These figures are subject to revision.

Notes:

[1] Live claims on ISCS and JSAPS with a bonus accrual plus claims which have ended with a bonus accrual but no bonus payment has been made (claimants who return to benefit within 12 weeks and have not claimed a bonus retain the amount accrued during the previous claim).

[2] Based on total amount authorised for payment recorded on ISCS and JSAPS.

Source:

Back-to-Work Bonus management information statistics.

Benefit Integrity Project

Mr. Burstow: To ask the Secretary of State for Social Security if it is her Department's policy under the Benefit Integrity Project to *(a)* withdraw benefits from disabled people who do not return the postal questionnaire within the specified time and *(b)* allow extra time for completing the questionnaire following a telephone call to a disability benefit centre. [6784]

Mr. Denham: One of our key aims is to rebuild integrity in, and public support for, the Social Security system and the way in which public money is spent. We need to focus on those who are properly entitled to benefit.

This is why we have set up the Benefit Integrity Project. We regard it as essential that disabled people are treated fairly and with respect, and in an unthreatening way. The administration of this programme is a matter for Peter Mathison, Chief Executive of the Benefits Agency. He will write to the hon. Member with further details.

Letter from Peter Mathison to Mr. Paul Burstow, dated 9 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking about the Benefit Integrity Project.

The Benefit Integrity Project was set up in response to the recent Benefit Review of Disability Living Allowance (DLA). Over the next two years, specially trained staff will make enquiries by postal questionnaire or home visit in around 425,000 cases to establish whether DLA is being paid correctly.

Disability Living Allowance will only be withheld from customers who, without good reason, persistently fail or refuse to complete and return the postal questionnaire issued by the Benefit Integrity Project. A reminder and a warning letter, both allowing extra time to comply or respond and offering help and advice, will be issued before benefit is withheld.

All staff, including those involved with the project, receive customer service training. If a customer makes a reasonable request, either by letter or telephone call, for extra time to complete the questionnaire, it will be allowed.

I hope you find this reply useful.

Benefits Fraud Hotline

Mr. Burstow: To ask the Secretary of State for Social Security how many *(a)* malicious calls and *(b)* well intended but unfounded calls were made to the Benefits Fraud Hotline in the last year; what is each as a percentage of the total number of calls; and what was the average cost of investigating each such call. [6453]

Mr. Denham: Fraud within a system designed to help those in need is anti-social behaviour. We will be vigilant in tackling benefit fraud but we will ensure that those in need are not victimised and have nothing to fear.

Questions on Benefits Agency operational matters are the responsibility of the Chief Executive, Peter Mathison. He will write to the hon. Member.

Letter from Peter Mathison to Mr. Paul Burstow, dated 9 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking how many malicious calls and well intended but unfounded calls were made to the Benefits Fraud Hotline in the last year; what is each as a percentage of the total number of calls; and what was the average cost of investigating each such call.

Calls to the Hotline are not collated in the format you have requested. It may be helpful if I explain that since its introduction on 5 August 1996, the National Benefit Fraud Hotline received 243,556 calls up to the end of May 1997. Of this number 57,139 calls were from customers without information to report. These include callers requesting an update on a previous call and wrong numbers.

The remaining calls undergo a sift process. Each case is scrutinised to establish whether a fraud investigation is appropriate. 186,417 calls have provided information which has been referred to Benefits Agency fraud staff for further scrutiny. So far, 148,071 referrals have been checked and of these 58,095 cases have been discarded with no further action undertaken. The remaining 89,976 cases have been referred for further investigation. The number of calls which so far have led to the detection of fraud is 11,597, which has generated weekly benefit savings of £35m. There are currently 53,356 calls on which results are outstanding.

Discarded referrals include a proportion relating to malicious and well intended but unfounded calls as well as those reporting information already investigated and referrals not containing enough information to carry out an investigation. The number of discarded cases represent 24 per cent of the total number of calls received by the Hotline. Although we do not record the average cost of investigating these type of cases, it is possible, in broad terms, to estimate the average cost of an investigation based on the major components of fraud activity. It should be emphasized that investigations are diverse in nature, complexity and length. The average cost of an investigation is £43.

I hope you find this reply helpful.

Disability Living Allowance

Mr. Burstow: To ask the Secretary of State for Social Security what plans she has to simplify the initial claim form for disability living allowance. [6972]

Mr. Denham: One of our key aims is to improve the service provided to claimants and other customers. This is why the design and clarity of claim forms are subject to periodic review. The administration of Disability Living Allowance is the responsibility of Peter Mathison, Chief Executive of the Benefits Agency. He will write to the hon. Member.

Letter from Peter Mathison to Mr. Paul Burstow, dated 9 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question asking what plans she has to simplify the initial claim form for Disability Living Allowance (DLA).

In April 1997, following extensive consultation, a new claim pack designed specifically for claims made in respect of children was introduced. A revised DLA adult claim pack is currently being widely tested with a planned release date of October 1997. The same changes will be reflected in the Attendance Allowance claim pack.

Whilst the claim pack gathers detailed information about the needs arising from disability and is necessarily lengthy, the main objective is to enable all customers to describe fully the effect of their disabilities. They are now also asked to provide details of who they feel is the best professional person for us to approach, should further evidence be required.

The Benefits Agency has a commitment to produce forms which are of a high standard and all forms are subject to regular review.

I hope you find this reply useful.

TRADE AND INDUSTRY

Nuclear Power

Mr. Matthew Taylor: To ask the President of the Board of Trade if she will take steps to make mandatory the use of continuous enrichment monitoring, for nuclear materials verification of enrichment facilities. [6398]

Mrs. Roche: Continuous enrichment monitoring is one of a number of techniques which can be used in the safeguarding of centrifuge enrichment facilities. Selection of the particular techniques to be used is made on a case-by-case basis taking into account facility specific considerations. Operation of the continuous enrichment monitor (CEMO) at Urenco's Capenhurst facility has shown the equipment to be cost-effective and reliable for confirming the non-production of highly enriched uranium (HEU). Technical discussions are currently taking place concerning the more widespread application of the technique.

Nuclear Material

Mr. Llew Smith: To ask the President of the Board of Trade, pursuant to her answer to the hon. Member for Lewes (Mr. Baker) on 23 June, *Official Report*, column *390*, on nuclear material, if she will list (i) the quantities of the nuclear fuel imported, (ii) the type of the nuclear fuel imported and (iii) the current locations of the nuclear fuel imported from France. [6987]

Mr. Battle: Nuclear fuel has been imported into the United Kingdom from France only by the UKAEA. One shipment of nuclear fuel was imported from France in 1996. Since details of such imports are operational matters for the UKAEA I have asked the Chairman of the UKAEA to reply directly to my hon. Friend.

Mr. Baker: To ask the President of the Board of Trade how much *(a)* her Department and *(b)* the research councils have spent on nuclear fusion research for each year from 1985 to date. [6901]

Mr. Battle *[holding answer 7 July 1997]:* The Department of Trade and Industry and former Department of Energy have funded fusion research through the Government Fusion Programme managed by the United Kingdom Atomic Energy Authority (UKAEA). Total expenditure under the Fusion Programme, including contributions to the Joint European Torus project, for each year since the UKAEA's establishment as a trading fund in 1986 is shown below.

Year	*£ million*
1986–87	23.1
1987–88	22.0
1988–89	24.1
1989–90	24.1
1990–91	21.9
1991–92	20.1
1992–93	16.0
1993–94	16.3
1994–95	15.7
1995–96	15.9
1996–97	12.1

Figures on a comparable basis are not readily available on a year by year basis for the UKAEA's pre-trading fund period. I will write to the hon. Member as soon as possible with figures for the research council and place a copy in the Libraries of the House.

Mr. Baker: To ask the President of the Board of Trade, pursuant to her answer of 23 June, *Official Report*, columns *390–91*, what quantities of *(a)* surplus and *(b)* current US fissile materials are present in the United Kingdom. [6781]

Mr. Battle *[holding answer 7 July 1997]:* There is no United States owned plutonium or highly enriched uranium held in the UK either by the civil nuclear sector or by the Ministry of Defence.

Working Hours

Mr. Martyn Jones: To ask the President of the Board of Trade if she will make a statement on the consequences for *(a)* job creation and *(b)* re-skilling of measures to reduce working hours. [6936]

Mr. Ian McCartney: Measures to implement the Working Time Directive will be introduced in a sensible and flexible way. We are committed to establishing fair and decent minimum standards at work within a flexible labour market. To create secure jobs and upgrade our skills base, we should compete on quality not by forcing people to work excessively long hours or without holiday entitlement.

Engineering (Women)

Mrs. Curtis-Thomas: To ask the President of the Board of Trade what plans she has to support the Women into Science and Engineering Campaign of the Engineering Council in 1998–99; and if she will make a statement. [7057]

Mr. Battle: The Department's main involvement with the Engineering Council's Women into Science and Engineering (WISE) campaign is largely taken forward through the Development Unit on Women in Science, Engineering and Technology. It has also supported the WISE campaign through its Action for Engineering Initiative. The Development Unit has strong links with WISE, including collaboration on a range of initiatives, and it plans to continue to support the campaign in this way during 1998–99.

Mrs. Curtis-Thomas: To ask the President of the Board of Trade what plans she has to encourage women to enter the engineering profession; and if she will make a statement. [7047]

Mr. Battle: This Government is concerned about the under-representation of women in not only engineering, but science and technology, and is committed to encouraging women to qualify and enter employment in these fields. The Government's objectives are being carried forward through the Development Unit on Women in Science, Engineering and Technology within the Office of Science and Technology (OST) in the Department. We are currently considering how the Unit will be able to benefit from close liaison with the new Women's Unit at The Department of Social Security.

Low Pay Commission

Mr. Fallon: To ask the President of the Board of Trade if she will set out the current external remuneration, employment and business interests of the chairman of the Low Pay Commission. [7670]

Mr. Ian McCartney: The information requested is on matters personal to the Chairman of the Low Pay Commission.

Mr. Fallon: To ask the President of the Board of Trade what will be the maximum daily rate of expenses payable to members of the Low Pay Commission. [7675]

Mr. McCartney: The members of the Low Pay Commission will be eligible to receive travel and subsistence expenses incurred in their work for the Commission at standard Civil Service rates.

Mr. Fallon: To ask the President of the Board of Trade in which newspapers and on what dates her Department has advertised for members of the Low Pay Commission; and at what total cost. [7671]

Mr. McCartney: Advertisements for members of the Low Pay Commission appeared in the following newspapers:

	Date
The Times	26 June and 3 July
The Sunday Times	29 June
The Guardian	25 and 28 June
The Western Mail	26 June
Wales on Sunday	29 June
The Scotsman	27 June
Scotland on Sunday	29 June
Belfast Telegraph	27 June
Sunday Life	29 June

The total cost of advertising, including production costs and VAT, was £32,260.

Mr. Fallon: To ask the President of the Board of Trade how many members will be appointed to the Low Pay Commission from *(a)* employer and *(b)* employee backgrounds. [7674]

Mr. McCartney: The Commission will be large enough to ensure that the interests of employers, employees and others are represented without becoming overly large and unwieldy.

Mr. Fallon: To ask the President of the Board of Trade on what date the Low Pay Commission will hold its initial meeting. [7672]

Mr. McCartney: The Low Pay Commission will begin its work as soon as possible.

Mr. Fallon: To ask the President of the Board of Trade if she will set out the terms and conditions on which she has appointed the chairman of the Low Pay Commission. [7669]

Mr. McCartney: The Chairman, and other members, of the Low Pay Commission will be unpaid but will be reimbursed their expenses according to standard civil service rates, in line with other appointments of this kind.

National Minimum Wage

Mr. Fallon: To ask the President of the Board of Trade if legislation to establish a national minimum wage will be published before advice on its level is received from the Low Pay Commission. [7673]

Mr. Ian McCartney: Yes.

Post Office

Mr. Forth: To ask the President of the Board of Trade if she will give for the Comprehensive Review of the Options for the Post Office *(a)* the expected completion date and *(b)* the cost of conducting the review. [8237]

Mr. Ian McCartney: It is too early yet to say when the review of the Post Office will be completed. To date, no external costs have been incurred as the work has been undertaken using existing Departmental resources.

Mr. Fallon: To ask the President of the Board of Trade when she expects to announce the conclusion of her review of the Post Office; and if she will make a statement. [7434]

Mr. McCartney: I refer the hon. Member to the answers I gave to the hon. Member for Maidenhead (Mrs. May) on 8 July, *Official Report,* columns *413–14.*

Consumer Issues (Questionnaire)

Mrs. Gillan: To ask the President of the Board of Trade what response has been received from the hon. Members' questionnaire on consumer issues; and if she will publish the responses. [7783]

Mr. Nigel Griffiths: I have received a very encouraging response from hon. Members of all parties and I have held meetings with hon. Members, including the hon. Lady's hon. Friends, a number of whom have recorded their appreciation of this innovative exercise.

The summary of the responses is as follows:

Issue	
48	Second hand cars
22	Electrical Goods (Radio/TV)
72	Home maintenance, repairs and improvements
77	Food and drink
19	Major appliances
16	Clothing and clothing fabrics
28	Upholstered furniture
34	Double glazing products and install
50	Car repair and maintenance
7	Furniture (not upholstered) pictures etc.
38	Carbon monoxide deaths
81	Labelling (animal testing)
27	Mock auctions
64	Product safety
71	Holiday protection
75	Advertising standards
66	Fireworks
42	Funerals
48	Direct selling
74	Consumer credit

I note the hon. Member has not listed any issues which concern her constituents and I have therefore sent her another questionnaire.

PPARC

Mr. Lansley: To ask the President of the Board of Trade if she will make a statement on the level of funding given to the Particle Physics and Astronomy Research Council in each year since 1992, in real terms. [7581]

Mr. Battle: The actual allocations to the Particle Physics and Astronomy Research Council in each year since 1994–95 were:

£ million

Year	*Actual*	*1997–98 prices*
1994–95	204.629	221.998
1995–96	201.756	213.031
1996–97	208.393	214.124
1997–98	200.650	200.650

1. The figures include the cost of PPARC's International Subscriptions.
2. Real terms comparisons are based ont he latest GDP deflator.
3. Prior to 1994–95, PPARC's areas of expertise formed part of the responsibilities of the Science and Engineering Research Council. Figures for previous years are therefore unavailable.

Mr. Lansley: To ask the President of the Board of Trade for what reasons the budget for the Particle Physics and Astronomy Research Council was determined prior to her Department's spending review. [7585]

Mr. Battle: In January this year, in accordance with standard practice, the Particle Physics and Astronomy Research Council was given a financial allocation for 1997–98 and indicative planning figures for the following two years. These allocations will be subject to the same scrutiny as any other expenditure plans within the remit of my Department's spending review.

Mr. Lansley: To ask the President of the Board of Trade if she will make a statement on the impact of ending the process of the compulsory competitive tendering of the Particle Physics and Astronomy Research Council's purchase of telescope delivery and instrumentation. [7584]

Mr. Battle: The Government's decision to release the Particle Physics and Astronomy Research Council (PPARC) from the obligation of competitive tendering

will allow PPARC to reorganise the Royal Observatories in the way which best meets their scientific requirements. PPARC is now beginning the process of securing the scientific and cost advantages in bringing elements of the Royal Observatories' work together in a single Astronomy Technology Centre.

Mr. Lansley: To ask the President of the Board of Trade what has been the sum spent on administration by the Particle Physics and Astronomy Research Council in each year since 1992, in real terms. [7582]

Mr. Battle: The Particle Physics and Astronomy Research Council was established on 1 April 1994 and has expended the following sums on administration (in real terms, at 1997–98 prices):

1994–95: £5.750 million

1995–96: £5.279 million

1996–97: £4.521 million.

European Space Agency

Mr. Lansley: To ask the President of the Board of Trade what is her Department's projected funding towards the European Space Agency for the next financial year. [7493]

Mr. Battle: £91 million (see: *Trade and Industry: The Government's Expenditure Plans 1997–98 to 1999–2000).* This is subject to the outcome of the Government's Comprehensive Spending Review, which the Chief Secretary announced to the House on 11 June, *Official Report*, columns 1143–57.

Mr. Lansley: To ask the President of the Board of Trade if she will make a statement on the sums given by her Department towards the European Space Agency for each year since 1992, in real terms. [7593]

Mr. Battle: The figures for DTI spend on European Space Agency programmes for each year since 1992 in real terms are:

Year	*£ million*
1991–92	86
1992–93	83
1993–94	87
1994–95	94
1995–96	96
1996–97	98
1997–98	77

Cash expenditure has been revised in line with Treasury's GDP deflators table, which uses 1996–97 as the base year.

Observatories

Mr. Lansley: To ask the President of the Board of Trade how the closure of the Royal Greenwich Observatory will affect the contracts it has agreed for telescope supply and maintenance. [7490]

Mr. Battle: The Particle Physics and Astronomy Research Council (PPARC) will take all necessary steps to fulfil its current obligations, including those which relate to the construction and maintenance of telescopes.

Mr. Lansley: To ask the President of the Board of Trade what steps she is taking to ensure that the full range of services offered by the Royal Greenwich Observatory to *(a)* astronomers and *(b)* industry, will remain available throughout the United Kingdom. [7491]

Mr. Battle: Those services which are required to support the Particle Physics and Astronomy Research Council's astronomy programme will continue to be provided by the Astronomy Technology Centre in Edinburgh. PPARC will be discussing with a range of interested parties the options for the future of other work currently carried out at the Royal Greenwich Observatory.

Mr. Lansley: To ask the President of the Board of Trade if she will make a statement on the sum spent on administration at *(a)* the Royal Greenwich Observatory and *(b)* the Royal Observatory, Edinburgh, in each year since 1992, in real terms. [7488]

Mr. Battle: The average salary costs to the programme of those staff undertaking finance and personnel duties at the Royal Greenwich Observatory (RGO) and Royal Observatory Edinburgh (ROE) are as follows (in real terms, at 1997–98 prices):

£ million

Year	*RGO*	*ROE*
1992–93	0.271	0.266
1993–94	0.253	0.225
1994–95	0.219	0.200
1995–96	0.249	0.267
1996–97	0.265	0.256

Astronomy Technology Centre

Mr. Lansley: To ask the President of the Board of Trade how she proposes to ensure that the United Kingdom Astronomy Technology Centre is accessible to all United Kingdom astronomers. [7489]

Mr. Battle: The development of the United Kingdom Astronomy Technology Centre and the programme of work it will undertake are matters for the Particle Physics and Astronomy Research Council, advised by peer review and overseen by senior members of the astronomy community.

CERN

Mr. Lansley: To ask the President of the Board of Trade what has been the funding given by her Department towards CERN in each year since 1992, in real terms. [7591]

Mr. Battle: The cost to the Science Budget of the CERN subscription in each calendar year from 1992 is as follows (in real terms, at 1997–98 prices):

Year	*Sterling cost (£ million) of UK subscription*
1992	63.26
1993	60.57
1994	63.44
1995	71.09
1996	76.74
1997	60.67

Mr. Lansley: To ask the President of the Board of Trade if she will make a statement on the projected funding for CERN in the next financial year. [7594]

Mr. Battle: The UK contribution to CERN for 1998 in Swiss Francs will not be known until December 1997 and the cost in sterling will depend on exchange rates at the time the currency is bought. However, PPARC has made provision of £58.27 million for CERN contributions within its allocation for the 1998–99 financial year.

Nautical Almanac Office

Mr. Lansley: To ask the President of the Board of Trade if she will make a statement on the future of the Nautical Almanac Office. [7590]

Mr. Battle: The Particle Physics and Astronomy Research Council (PPARC) will be discussing with a range of potentially interested parties the way in which the work of the Nautical Almanac Office should be managed in future.

Trade Associations

Mr. Page: To ask the President of the Board of Trade when she expects to be in a position to reply to the question from the hon. Member for South-West Hertfordshire of 9 June relating to trade associations; and what factors have led to the delay in responding to date. [7773]

Mrs. Beckett: I answered the hon. Member's question on 9 July 1997, *Official Report,* column *486.*

Nuclear Power Stations (Closure)

Mr. Baker: To ask the President of the Board of Trade if she will list the dates recommended by the Nuclear Installations Inspectorate for closure of each operational nuclear power station. [6782]

Mr. Battle *[holding answer 7 July 1997]:* No such recommendations have been given by the Health and Safety Executive's Nuclear Installations Inspectorate. A decision to close a nuclear power station rests with the owners.

Living Genetic Material (Patents)

Mr. Flynn: To ask the President of the Board of Trade if she will make a statement on her plans for the patenting of living genetic material. [7356]

Mr. Battle *[holding answer 8 July 1997]:* Apart from the exclusion from patentability of plant and animal varieties as such, and plants and animals produced by traditional breeding methods, current United Kingdom legislation (The Patents Act 1977) affords patent protection to inventions concerning genetic material, such as isolated genes, and living material, if they meet the three general conditions (i.e. new, inventive and capable of industrial applicability) which are applied to inventions in all fields of technology.

Biotechnological Inventions

Mr. Flynn: To ask the President of the Board of Trade what research her Department has undertaken into the possible impact of the introduction of the draft European Parliament and Council Directive on the legal protection of biotechnological inventions; and if she will make a statement. [7355]

Mr. Battle *[holding answer 8 July 1997]:* My Department has undertaken a study as to the effects that the Commission's draft proposal may have on business. The study is available in the Libraries of both Houses of Parliament.

This draft proposal is currently before the European Parliament and we are awaiting its first Opinion. If the Parliament seeks amendments to the proposal, it is likely that the Commission will amend its draft. Therefore, it is not possible at the moment to determine the precise contents of the text to be put before the Council of Ministers. When the terms of the proposal are known, the Department will undertake further study as to the effects any revised draft Directive may have.

Radioactive Waste Storage

Ms Julie Morgan: To ask the President of the Board of Trade if the Government will make a statement on *(a)* the future of Nirex and *(b)* its proposals for the long-term storage of low and intermediate level radioactive waste. [7156]

Mr. Battle *[holding answer 8 July 1997]:* Following the decision to dismiss UK Nirex's appeal against Cumbria County Councils's refusal of planning permission for a rock characterisation facility, the implications for radioactive waste management policy are currently under consideration by my right hon. Friend the Secretary of State for the Environment, Transport and the Regions. Conclusions on this issue could significantly affect the future of the long term storage of low and long intermediate level of radio nuclear waste and he will inform the House of these conclusions in due course.

Minister for Trade and Competitiveness in Europe

Mr. Fallon: To ask the President of the Board of Trade if she will list which areas of competitiveness are *(a)* her responsibility and *(b)* the responsibility of the Minister for Trade and Competitiveness in Europe. [7433]

Mrs. Beckett *[holding answer 9 July 1997]:* I have overall responsibility for all competitiveness issues in the DTI. The Minister for Trade and Competitiveness in Europe has responsibility for European issues affecting competitiveness, in particular completion of the EU single market.

Mr. Fallon: To ask the President of the Board of Trade (1) if the Minister for Trade and Competitiveness in Europe had access to official papers concerning energy issues before he sold his shares in British Petroleum; and if he continues to have such access; [7424]

(2) if the Minister for Trade and Competitiveness in Europe attended departmental or inter-departmental meetings on energy matters before he sold his shares in British Petroleum; and if he continues to attend such meetings. [7431]

Mrs. Beckett *[holding answer 9 July 1997]:* The Minister of State for Trade and Competitiveness in Europe does not routinely see papers or attend meetings concerning energy issues, since they do not form part of his responsibilities. But he is only barred from seeing

papers, including papers on energy issues, (or attending meetings) which have a bearing on BP. He has not sold his shares in BP, and there are no requirements on him to do so; the other arrangements in place ensure that there is no conflict of interest.

Mr. Redwood: To ask the President of the Board of Trade what meetings she has had with the Minister for Trade and Competitiveness in Europe to discuss Government policy on the single currency. [7664]

Mrs. Beckett: I discuss a range of issues regularly with my noble Friend the Minister of State for Trade and Competitiveness in Europe as with all my Ministerial team.

Mr. Redwood: To ask the President of the Board of Trade when she was first informed that the Minister for Trade and Competitiveness in Europe should not be involved in any matter affecting British Petroleum. [7549]

Mrs. Beckett: I have been aware since the Minister for Trade and Competitiveness in Europe's appointment that he, like all Ministers, was making arrangements to ensure that he complied with Questions of Procedure for Ministers. Question of Procedure for Ministers requires that a Minister with a private interest should remain entirely detached from consideration of any public business affecting it. Lord Simon has fully complied with this provision.

Mr. Redwood: To ask the President of the Board of Trade (1) pursuant to her oral answer of 3 July, *Official Report*, column 409, in respect of the Minister for Trade and Competitiveness in Europe, for what reasons she does not know the details of the issues; [7421]

(2) if she will make a statement on the procedures applying to the Minister for Trade and Competitiveness in Europe in respect of the avoidance of conflicts of interest. [7427]

Mrs. Beckett: On 3 July the hon. Gentleman asked me without notice, *Official Report*, column 409, and on a question about Departmental policies to give details about the handling of the personal finances of my noble Friend the Minister for Trade and Competitiveness in Europe including of all of his shareholdings and options.

While I was aware that my noble Friend had taken action to preclude any potential conflict of interest I was unable on the spur of the moment to recall whether any detailed aspects of these steps remained to be completed. That is why I undertook to write to the right hon. Gentleman.

In that letter of 4 July I said:

As you will know, the guidance on these matters is set out in Questions of Procedure for Ministers. The key principle, to which all Ministers are committed from the time of their appointment, is that Ministers must ensure that no conflict arises, or appears to arise, between their public duties and their private interests.

In order to meet this requirement, Lord Simon has of course resigned as Chairman and as a director of BP. (He has also resigned all his other directorships.) Furthermore, he is not involved in any of the DTI's business which covers BP activity, nor does he receive any papers which have a bearing on BP. This removes any possibility of conflict of interest between his former involvement with BP and his current responsibilities at the DTI. I understand that similar arrangements are in place in the Treasury to keep Lord Simon apart from decisions in areas relating to his previous employment and that Lord Simon did not contribute to the pre-Budget decision making process.

Separately, he has placed the generality of his investments in blind trusts. He holds no options. He has not however disposed of his shareholding in BP, but has undertaken not to trade these shares before January 1998, at which time the position will be reviewed. But no conflict can occur given Lord Simon's non-involvement with Government business concerning BP.

Mr. Redwood: To ask the President of the Board of Trade by what date the Minister for Trade and Competitiveness in Europe *(a)* sold all his shares in BP, *(b)* cancelled his options on shares and *(c)* severed all his business links. [7422]

Mrs. Beckett: The Minister for Trade and Competitiveness in Europe severed all his business links with BP on 7 May 1997. He had no options on BP shares. He has retained his shares in BP, but the arrangements described in my letter to the right hon. Gentleman of 4 July, which I refer to in my earlier answer, ensure that no conflict of interest can rise.

Mr. Letwin: To ask the President of the Board of Trade what directorships are held by the Minister for Trade and Competitiveness in Europe; and what arrangements will govern *(a)* his relinquishment of them and *(b)* his dealings with matters relating to particular industries in which he was previously involved. [5995]

Mrs. Beckett *[holding answer 30 June 1997]:* Lord Simon of Highbury relinquished all his directorships on his unpaid appointment to public service as Minister for Trade and Competitiveness in Europe. He is not involved in any Government business concerning matters relating to his previous employment.

Ministerial Responsibilities

Mr. Bercow: To ask the President of the Board of Trade (1) what record she keeps of correspondence about the Department's responsibilities received by her Ministers from recent business acquaintances; [5624]

(2) what arrangements exist to prevent a Minister in her Department handling correspondence about its responsibilities from recent business acquaintances. [5617]

Mrs. Beckett *[holding answer 27 June 1997]:* All correspondence received by Ministers is recorded on receipt by their Private Officers. Such records are not categorised according to whether or not Ministers are acquainted with the correspondent. All Ministers are under a duty to ensure that no conflict arises, or appears to arise, between their public duties and their private interests; where necessary, Ministers must delegate their responsibilities for particular decision to another Minister to avoid such conflicts. Guidance is provided in Questions of Procedure for Ministers, a copy of which is available in the Library of the House.

Arms Sales (Saudi Arabia)

Mr. Gordon Prentice: To ask the President of the Board of Trade what additional measures she intends to put in place to ensure that arms sold to Saudi Arabia are not passed on to third countries with which Her Majesty's Government would not wish to trade. [5688]

Mr. Spellar: Most defence exports to Saudi Arabia are the result of Government to Government arrangements. I am withholding specific details of these arrangements under Exemption 1 (Defence, Security and International Relations) of the Code of Practice on Access to Government Information. However, it is normal practice to include a clause in memoranda of understanding which prohibits the transfer of material to third parties without the approval of the UK Government.

For exports, to all countries, not covered by Government to Government arrangements, the risk of diversion to third countries is taken into account in considering export licence applications. Where appropriate, the Government asks for end-user undertakings to ensure that goods will not be re-exported. We are committed to strengthening the monitoring of the end-use of defence exports to prevent diversion to third countries and to ensure that exported equipment is use only on the conditions under which the export licence has been granted. Work is in hand to take forward this commitment.

TREASURY

Windfall Tax

6. **Mr. Gerald Howarth:** To ask the Chancellor of the Exchequer if he will make a statement about the proposed windfall profits tax. [6182]

Mr. Geoffrey Robinson: The windfall tax will fund the New Deal for the young and long-term unemployed, lone parents and schools announced by the Chancellor in his Budget speech. It is a one-off tax which puts right the bad deal which customers and taxpayers got from the privatisation of the utilities.

18. **Mr. Stott:** To ask the Chancellor of the Exchequer how he plans to allocate the revenue from the windfall levy. [6196]

Mr. Darling: The Windfall Tax on the excess profits of the privatised utilities will finance measures to equip Britain for our long-term future and to modernise the welfare state. My right hon. Friend the Chancellor announced a New Deal for the young unemployed, the long-term unemployed, and lone parents. We provided extra help with childcare. We were able to finance capital investment in our schools, including investment in IT, and to kick-start our University for Industry. We are also able to fund the measures we will bring forward to help people on Incapacity Benefit into work.

24. **Mr. Singh:** To ask the Chancellor of the Exchequer what plans he has for the allocation of the revenue raised from the windfall levy. [6202]

Mr. Gordon Brown: The Windfall Tax on the excess profits of the privatised utilities will finance measures to equip Britain for our long-term future and to modernise the welfare state. I announced a New Deal for the young unemployed, the long-term unemployed, and lone parents. I provided extra help with childcare. I was able to finance capital investment in our schools, including investment in IT, and to start up our University for Industry. I am also able to fund the measures we will bring forward to help people on Incapacity Benefit into work.

Mr. Colvin: To ask the Chancellor of the Exchequer if he will publish the advice given to him by the regulators of the privatised companies affected by the windfall tax, relating to prices, investment, service standards and employment prospects; and if he will make a statement. [7576]

Mr. Robinson: The Government consulted the regulators fully on the design of the windfall tax. In accordance with normal practice, we shall not be publishing their advice because it was confidential and contained some observations that are commercially sensitive.

Public Sector Borrowing Requirement

17. **Mr. Campbell-Savours:** To ask the Chancellor of the Exchequer if he intends to introduce an annual review of the proposed PSBR by the National Audit Office. [6195]

Mr. Darling: As part of the opening up of economic decision making, the Chancellor intends that there should be a continuing role for the National Audit Office in subsequent Budgets. But future arrangements are not yet settled.

23. **Mr. Rhodri Morgan:** To ask the Chancellor of the Exchequer if he will make a statement on his estimate of the level of the public sector borrowing requirement in the present and next financial year. [6201]

Mr. Darling: Excluding the temporary effects of the windfall tax and spending on Welfare to Work, the Public Sector Borrowing Requirement is forecast to be £13¼ billion in 1997–98 and £5½ billion in 1998–99.

Interest Rates

19. **Mr. Clappison:** To ask the Chancellor of the Exchequer what recent representations he has received from exporters about the level of interest rates. [6197]

Mr. Darling: Interest rates are set to deliver the Government's inflation target. Low inflation and economic stability are in the interests of any successful business. I want a stable and competitive pound and the action my right hon. Friend the Chancellor and I have taken to tighten fiscal policy should help rebalance the economy.

28. **Sir Teddy Taylor:** To ask the Chancellor of the Exchequer what advice he has received from the Governor of the Bank of England about the reasons for the recent increase in interest rates; and if he will make a statement. [6206]

Mrs. Liddell: The Bank of England is responsible for setting interest rates to meet the Government's inflation target.

In its press release of 6 June, the Bank of England stated that its decision to raise interest rates " . . . offers the best chance of achieving continued growth in output and employment at a sustainable pace."

Full minutes of the Monetary Policy Committee meeting, including a record of the voting, will be published on 16 July.

Investment

20. **Mr. John Cryer:** To ask the Chancellor of the Exchequer what recent representations he has received from small business relating to levels of investment. [6198]

Mrs. Liddell: The Chancellor received many representations about investment from small businesses and took action in this Budget to encourage more investment in small and medium sized enterprises.

Inland Revenue Offices

21. **Mr. Rendel:** To ask the Chancellor of the Exchequer if he will make a statement on his plans to close Inland Revenue offices. [6199]

Dawn Primarolo: The Inland Revenue has now completed four years of its 10 year programme to restructure its network of local offices. As part of the planning process, the Department is reviewing those outline proposals which could result in the closure of the only office in a town.

Welfare-to-work Strategy

22. **Mr. O'Hara:** To ask the Chancellor of the Exchequer if he will make a statement about his welfare-to-work strategy. [6200]

27. **Dr. Starkey:** To ask the Chancellor of the Exchequer if he will make a statement about his welfare-to-work strategy. [6205]

Mr. Brown: My Budget set out detailed proposals to help the young and long-term unemployed, and the first serious national effort to help lone parents find jobs. I intend to extend this approach to other groups excluded from the labour market, including those on incapacity benefit. We will also streamline and modernise the tax and benefits so they promote work, reduce poverty and dependency, and strengthen community and family life.

Pension Misselling

25. **Mr. Tipping:** To ask the Chancellor of the Exchequer if he will make a statement on progress towards compensation for victims of pension misselling. [6203]

33. **Mr. Alan Simpson:** To ask the Chancellor of the Exchequer what further meetings he intends to have with representatives of the pensions industry to discuss the selling of pensions. [6211]

Mrs. Liddell: I refer my hon. Friend to the Written Answer I gave to the hon. Member for East Ham (Mr. Timms) on 9 July, column *477*.

Single Currency

26. **Mr. Gordon Prentice:** To ask the Chancellor of the Exchequer what research his Department has evaluated into the impact of different levels of unemployment in Europe on the impact of the introduction of a single currency. [6204]

Mrs. Liddell: If EMU goes ahead, it must on the basis of sustainable convergence as well as active measures to increase employability and social inclusion. It is essential that Europe tackles its unemployment problems with or without EMU.

That is why the Chancellor launched the "Getting Europe to work" initiative which sets out ways to improve labour market flexibility and employability. These British ideas were reflected in the European Council Resolution on employment agreed at Amsterdam.

Privatised Utilities (Investment)

29. **Mr. Brady:** To ask the Chancellor of the Exchequer what assessment he has made of the likely impact of his Budget on future levels of investment in the privatised utilities. [6207]

Mr. Geoffrey Robinson: After consulting the regulators, it is my judgment that the tax can be paid without any impact on investment.

Jobs Summit, Luxembourg

30. **Mr. Pike:** To ask the Chancellor of the Exchequer what proposals he has for the forthcoming jobs summit to be held in Luxembourg in the autumn. [6208]

Mr. Gordon Brown: As I made clear in my "Getting Europe Back to Work" initiative before the Amsterdam European Council it is vital, if we are to create real and lasting jobs throughout Europe, that we combine measures to promote job creation and social cohesion in Europe. At the Luxembourg summit we will need to learn from each other on the most successful ways of tackling unemployment. My Budget last week, and in particular my announcements on Welfare to Work, are a key part of the UK's efforts.

Small Businesses

31. **Mr. Gardiner:** To ask the Chancellor of the Exchequer what new measures he is proposing to help small businesses. [6209]

38. **Liz Blackman:** To ask the Chancellor of the Exchequer what plans he has to help small businesses. [6216]

Mrs. Liddell: The measures my right hon. Friend introduced in his Budget, including reduced small companies' rate of corporation tax, doubling of capital allowances and action on Venture Capital Trusts and the Enterprise Investment Scheme, will contribute towards a healthy environment in which small businesses can thrive.

Mission Statement

32. **Mr. Keith Simpson:** To ask the Chancellor of the Exchequer what plans he has to issue a mission statement for Her Majesty's Treasury. [6210]

Mrs. Liddell: We are revising the Treasury's aim and objectives as the first stage of the Department's review of its structure and resources.

Public Finances

34. **Mr. Pond:** To ask the Chancellor of the Exchequer if he will make a statement on the assumptions he has made in his forecast for the public finances. [6212]

Mr. Darling: The Chancellor has proposed making changes to five key assumptions to put the fiscal arithmetic on a more cautious and prudent footing. The NAO has audited these new assumptions and its report was issued as a Command Paper on 19 June.

36. **Mr. Kemp:** To ask the Chancellor of the Exchequer if he will make a statement on the assumptions underlying his forecasts for public finances. [6214]

Mr. Darling: The Chancellor has proposed changes to five key assumptions to put the fiscal arithmetic on a more cautious and prudent footing. The NAO has audited these new assumptions and its report was issued as a Command Paper on 19 June.

Private Finance Initiative

35. **Mr. Timms:** To ask the Chancellor of the Exchequer when the new PFI Taskforce will start its work. [6213]

Mr. Geoffrey Robinson: The Government is creating a new Treasury Private Finance Taskforce, combining project and policy expertise. The Private Finance Panel has been stood down and its Executive is to be disbanded by September. We are currently in the process of appointing a Chief Executive, along with six to eight supporting executives, on the project side of the Taskforce. The policy side has begun its work already.

Bank Regulation

37. **Mr. Flight:** To ask the Chancellor of the Exchequer if it is his objective in transferring the regulation of banks to the new regulator to avoid regulatory issues compromising the bank's judgment in setting interest rates. [6215]

Mrs. Liddell: Responsibility for Banking supervision will be transferred from the Bank of England to the Securities and Investments Board to bring the regulatory structure more closely into line with today's increasingly integrated financial markets, and deliver more effective and efficient supervision.

Student Loan Debt Sale

Mr. Timms: To ask the Chancellor of the Exchequer if he will make a statement of the Government's policy on the student loan debt sale. [8407]

Mr. Gordon Brown: The overriding policy considerations that have determined the Government's approach to the student loan debt sale are as follows.

The Government is committed to the development of a wide range of public-private partnerships which involve a transfer of risk to the private sector. This sale will shift much of the default risk to the private sector who have much more experience in dealing with credit risks. The sales will enable the markets to establish a clearer understanding of student loans and could in future encourage financial institutions to play a more direct role in the provision of student support.

In addition, the Government was elected on the basis of a manifesto pledge to work within the spending plans already announced for the next two years. This, and our other economic pledges on inflation and taxes, were designed to create the conditions for economic stability and a platform for sustained growth.

Going ahead with the student loan debt sale has a critical role in enabling us to keep this pledge. The public spending plans we have inherited include substantial sales of student loan debt in 1997–98 and 1998–99. Given the tightness of our plans generally and in particular the priority we want to give to education programmes, the Government has decided to proceed with the sale.

These overriding objectives were paramount in the decision to proceed with the debt sale. The Government accepts that this will result in the payment of subsidies to purchasers of the debt but intends to accept the most competitive bid following a competitive tendering process. The size of the continuing subsidies cannot be predicted in advance. We will ensure that we achieve the most competitive outcome consistent with these objectives.

VAT (Domestic Fuel)

Mr. Edwards: To ask the Chancellor of the Exchequer what representations he has received on his plans to reduce VAT on domestic fuel from 8 per cent. to 5 per cent. [6189]

Dawn Primarolo: I received a number of representations calling for a reduction in the rate of VAT on fuel, prior to my right hon. Friend the Chancellor's Budget announcement last week.

HIPC Initiative

Mrs. May: To ask the Chancellor of the Exchequer what the cost will be to the United Kingdom of implementing the proposal that the repayable debts of the world's poorest countries should be cancelled by 2000. [7811]

Mrs. Liddell: The Government does not share the view that debts of the world's poorest countries should be cancelled by 2000. We believe that debt relief is important, but must be accompanied by a clear commitment by debtors to balanced economic reform programmes to create the conditions for economic development and lasting poverty reduction. Decisions on which countries qualify for debt relief, and on the amount of relief necessary to reduce their debts to sustainable levels, should be taken on a case-by-case basis.

Mrs. May: To ask the Chancellor of the Exchequer what the cost will be to the United Kingdom of the implementation of the HIPC initiative. [7810]

Mrs. Liddell: It is impossible to say in advance how much UK debt will be written down under the HIPC initiative. Decisions on which countries qualify for debt relief, and on the amount of relief necessary to reduce their debts to sustainable levels, are taken on a case-by-case basis.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Chancellor of the Exchequer if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how

many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7146]

Mrs. Liddell: The Treasury established a year 2000 project in July 1996 with the objective of ensuring that its IT systems are, or will be, year 2000 compliant. The project is managed by the Head of IT services supported by a project team of six. Work undertaken by staff on year 2000 is in addition to their other duties.

The programme of work follows the recommended approach identified by the Central Computer and Telecommunications Agency (CCTA). In line with CCTA's milestone dates, the Treasury has carried out an audit of its systems and will be providing, by October 1997, fully costed plans for undertaking the work needed.

Any costs associated with this work will be met from within existing plans.

Contractors' Commissions

Mr. Cohen: To ask the Chancellor of the Exchequer if he will introduce legislation to enable the National Audit Office to investigate the use made of public funds after they have been paid to contractors where there is suspicion that commissions have been improperly paid; if he will authorise research into the powers available for this purpose in the United States; and if he will make a statement. [6683]

Dawn Primarolo: The Government has no plans to introduce legislation in this area, and my right hon. Friend the Chancellor has no plans to make a statement. Any question of illegality would be a matter for the responsible authorities. Officials in my Department will look at the situation in the United States in this respect as the hon. Member suggests.

Personal Equity Plans

Mr. Swayne: To ask the Chancellor of the Exchequer if he will change the rules governing PEPs so that AIM stocks are eligible for inclusion. [7322]

Dawn Primarolo: We have no plans to do. Shares dealt in on the Alternative Investment Market (AIM) may qualify for the tax reliefs available for investment in unlisted companies. These include inheritance tax relief, capital gains tax reinvestment relief and reliefs under the Enterprise Investment Scheme and Venture Capital Trust Schemes. It follows that AIM shares cannot be held directly in PEPs, which are intended for listed shares and securities: they can, however, be held indirectly in PEPs by collective investment through qualifying unit and investment trusts.

Inflation

Mr. Mitchell: To ask the Chancellor of the Exchequer, pursuant to his answer of 18 June, *Official Report*, column *233*, on the correlation between central bank independence and inflation, if he will list the studies which his Department has evaluated. [6872]

Mrs. Liddell: The Treasury has evaluated a number of studies on the relationship between central bank independence and inflation. A recent study by Eiffinger and De Haan (1996), "The Political Economy of Central Bank Independence", Special Papers in International Economics, Princeton University, identified twenty separate studies, all but two of which concluded that central bank independence is associated with lower inflation.

Savings

Mr. Peter Bottomley: To ask the Chancellor of the Exchequer for how long a person on average earnings would have to work to accumulate £240,000 after deductions for tax and national insurance. [3775]

Dawn Primarolo: It is extremely difficult to predict, but using the assumptions chosen by the hon. Member, approximately 15 years.

Commemorative Coins

Ms Lawrence: To ask the Chancellor of the Exchequer what plans he has to issue new commemorative coins. [8406]

Mr. Gordon Brown: Her Majesty The Queen has been graciously pleased to approve a recommendation that Britannia bullion coins in gold and silver should be issued later this year to celebrate the tenth anniversary of the introduction of the Britannia gold bullion coins in 1987 and the 300th anniversary of the adoption of the Britannia silver hallmarking standard in 1697.

She has also been graciously pleased to approve a recommendation that a crown piece with a face value of five pounds should be issued in 1998 to celebrate the fiftieth birthday of His Royal Highness The Prince of Wales; and she has further approved the issue in 1998 of a fifty pence piece featuring a special design to commemorate the twenty-fifth anniversary of Britain's entry into the European Economic Community on 1 January 1973 and Britain's Presidency of the European Union during the first six months of 1998.

It is intended that the fifty pence piece will be available in 1998 for general circulation and that there will also be collector versions in base and precious metal. The other commemorative coins will be struck primarily for collectors, though the crown pieces celebrating the fiftieth birthday of His Royal Highness The Prince of Wales will also be made available from banks and post offices at face value during the course of 1998.

Valuation Office, Warrington

Helen Jones: To ask the Chancellor of the Exchequer (1) what is the projected increase in travelling expenses which would result from the transfer of caseworkers from the Warrington Valuation Office to Liverpool and Manchester; [6268]

(2) what estimates he has made of the extra cost per annum of accommodation and parking in Liverpool and Manchester, arising from the transfer of the work of the Warrington Valuation Office to these locations; [6269]

(3) what estimate he has made of the capital value of the building currently housing the Warrington Valuation Office; [6270]

(4) what estimate he has made of the costs of necessary refurbishment works on the Warrington Valuation Office; [6271]

(5) what is the annual income generated by the Warrington Valuation Office. [6272]

Dawn Primarolo *[holding answer 3 July 1997]:* The information requested falls within the responsibility of the Acting Chief Executive of the Valuation Office Agency. I have asked him to arrange for a reply to be given.

Letter from Peter Upton to Helen Jones, dated 10 July 1997:

In your questions to the Chancellor (ref 6268–6272) you ask for information concerning the proposed closure of the Warrington Valuation Office and I have been asked to reply direct to you.

Following the Review of the Valuation Office as a Next Steps Agency in 1995, we are committed to further enhance efficiency and effectiveness through, among other things, the streamlining of our network of local offices. These efficiencies which amount to some 30% over 5 years have already been reflected in our forward plans and expenditure projections.

The new Valuation Office structure is designed to enable us to:

improve quality and levels of service

become more flexible and responsive to clients' needs and changing workloads

concentrate our work processing functions within fewer locations via a new computer system

reduce management layers and develop teams dedicated to specific clients or type of work.

The information you requested is as follows:

Question	*Answer*
What is the projected increase in travelling expenses which would result from the transfer of caseworkers from the Warrington Valuation Office to Liverpool and Manchester?	From the estimates that have been made covering the overall office closure programme, the average increase in travel costs per location has been calculated at circa £20,000 per annum. This may well be reduced in practice as many caseworkers undertake journeys to clients and customers direct from home.
What estimates have been made of the extra cost per annum of accommodation and parking in Liverpool and Manchester when transferring the work of the Warrington Valuation Office to these locations?	There will be no additional costs of accommodation at Liverpool and Manchester as the Agency has sufficient space at these locations to absorb the staff and files/records from Warrington. Car parking will be provided in Liverpool and Manchester for essential car users at a cost of around £825 per space per annum and £1100 respectively but the closure of the Warrington office reduces the Agency's overall running cost.
What estimate has been made of the capital value of the building currently housing the Warrington Valuation Office?	It is considered that the freehold building and site can be sold for a significant capital sum which will benefit the public purse. The final price will be determined just prior to any sale and may be subject to commercial confidentiality particularly if it is disposed of by auction or tender.
What estimate has been made of the costs of necessary refurbishment works on the Warrington Valuation Office?	To bring the Warrington accommodation up to modern standards it is estimated that the cost will be around £400,000 based on similar refurbishments recently undertaken by the Agency.
What is the annual income generated by the Warrington Valuation Office?	For 1996–97 the income from the Warrington Valuation Office was £1.92 million and it is anticipated that this income will be maintained or exceeded following the proposed restructuring proposals.

I trust you will find the above information useful.

Freedom of Information

Mr. Keetch: To ask the Chancellor of the Exchequer if he will publish his Department's submissions relating to freedom of information legislation. [6029]

Mrs. Liddell *[holding answer 2 July 1997]:* I refer the hon. Member to the reply given by the Prime Minister on 4 July 1997, columns *293–94*.

Securities and Investments Board

Mr. Corbett: To ask the Chancellor of the Exchequer if he will make it his policy to ensure that small investors are directly represented on the re-formed Securities and Investments Board. [7363]

Mrs. Liddell *[holding answer 9 July 1997]:* The Government has made clear its intention that the new financial regulator should be credible to investors and accountable to the public. Details of the composition of its board have yet to be determined.

Mr. Corbett: To ask the Chancellor of the Exchequer what steps he is taking to ensure that small investors are consulted over proposals to extend the regulatory duties of the Securities and Investments Board. [7364]

Mrs. Liddell *[holding answer 9 July 1997]:* The Government's plans to reform financial regulation will include consultation with all who are interested.

Advanced Corporation Tax

Mr. Norman: To ask the Chancellor of the Exchequer what is the *(a)* loss of annual dividend income, *(b)* extra contributions required in the future to meet obligations to current or former employees and *(c)* extra contributions required in the future to meet the service costs of the funds in aggregate to the Local Government Pension Schemes of the abolition of Advance Corporation Tax Credit; and what percentage of payable costs will the extra service costs represent. [7375]

Dawn Primarolo *[holding answer 8 July 1997]:* The extent to which the abolition of payable tax credits will affect contributions to the Local Government Pension

Schemes will depend on the overall judgments made by the schemes' actuaries when the normal actuarial valuations are undertaken beginning next year.

Construction Industry

Mr. Chope: To ask the Chancellor of the Exchequer how many new jobs he estimates will be created in the construction industry as a result of the additional allocations in *(a)* 1997–98 and *(b)* 1998–99 under the Government's Capital Receipts Initiative. [7267]

Mr. Darling *[holding answer 8 July 1997]:* The resources released under the Capital Receipts Initiative will help the construction sector to continue its recent growth and bring with it many new jobs.

Mr. Chope: To ask the Chancellor of the Exchequer what estimate of the capacity of the construction industry in *(a)* 1997–98 and *(b)* 1998–99 underlay his decision to allocate extra sums under the Government's Capital Receipts Initiative. [7269]

Mr. Darling *[holding answer 8 July 1997]:* The decision to release the amount of resources announced in the Budget under the Capital Receipts Initiative was taken after taking account of capacity utilisation and output growth in the construction industry.

Old Documents

Mr. Baker: To ask the Chancellor of the Exchequer what is the date and title of the oldest document or archival unit retained by his Department which has not been passed on to the Public Record Office for release for public inspection. [7200]

Mrs. Liddell *[holding answer 8 July 1997]:* The oldest retained file in the Treasury is entitled "Air Ministry re-employment of Retired Officers". It ends in 1938 and is retained under the Security and intelligence "blanket".

Retained files in the Treasury are in the process of being re-reviewed under the Open Government Initiative. It is expected that all those in the Treasury will have undergone this process by April 1998.

Capital Receipts Initiative

Mr. Chope: To ask the Chancellor of the Exchequer on what date he intends to announce the respective shares which England, Scotland, Wales and Northern Ireland will receive from the additional allocations under the Capital Receipts Initiative in *(a)* 1997–98 and *(b)* 1998–99. [7268]

Mr. Darling *[holding answer 8 July 1997]:* The shares which have been allocated to England, Scotland and Wales were announced separately on 3 July by the Minister of State for Local Government and Housing, and the Secretaries of State for Scotland and Wales. The allocations for these countries, and Northern Ireland, are:

£ million

	1997–98	*1998–99*
England	174.27	609.94
Scotland	12.47	43.66
Wales	9.54	33.38
Northern Ireland	3.72	13.02
Total	200.00	700.00

Written Answers to Questions

Friday 11 July 1997

INTERNATIONAL DEVELOPMENT

Sierra Leone

Sir John Stanley: To ask the Secretary of State for International Development if she will list *(a)* the items of emergency and development aid being provided by the British Government to Sierra Leone and *(b)* their value. [7801]

Clare Short: My Department is not currently providing aid to Sierra Leone. However, we are supporting relief for Sierra Leonean refugees in Guinea (£217,000) and the Gambia (£35,000).

Sir John Stanley: To ask the Secretary of State for International Development what is the value of the aid that the British Government have committed themselves to provide to Sierra Leone under the Quick Action Programme. [7802]

Clare Short: My Department has pledged £6 million for the Quick Action Programme. Implementation is however suspended following the military coup on 25 May.

EDUCATION AND EMPLOYMENT

Key Stage 3 Results

Mr. Don Foster: To ask the Secretary of State for Education and Employment by what dates *(a)* results of key stage 3 English SAT scores were intended to be returned to schools, *(b)* the last results were returned to schools and *(c)* schools are expected to return the results to the national data collection centre; and if he will make a statement. [7931]

Ms Estelle Morris: Results of the key stage 3 English tests were due to have been returned to schools by 27 June. The majority were returned by that date; the remainder were returned during the first two weeks of July as the scripts were cleared through the final checks put in place by the School Curriculum and Assessment Authority. The test results are returned to the national data collection agency by the markers and not by schools.

Mr. Foster: To ask the Secretary of State for Education and Employment by what date he intends to publish an analysis of the results of key stage 3 English SATs. [7932]

Ms Morris: We aim to publish the national results of this year's National Curriculum assessments by the end of September.

Binary Divide

Mr. Collins: To ask the Secretary of State for Education and Employment if he will make a statement on the abolition of the binary divide in higher education and its performance. [7459]

Dr. Howells: Our policy is to foster diversity of missions among institutions within a unified higher education sector so that they can offer a range of choice, meet a variety of needs among students as participation widens, and be genuinely responsive to students, staff and wider community interests. We shall of course wish to consider carefully any relevant recommendations of the National Committee of Inquiry into Higher Education under Sir Ron Dearing.

Modern Apprenticeships

Mr. Sanders: To ask the Secretary of State for Education and Employment if he will make a statement about the future of the modern apprenticeship scheme. [7214]

Dr. Howells: We have no doubt that the training of young people in the workplace to meet the needs of employment has a vital and increasing role to play in sustaining competitiveness to 2000 and beyond. Modern apprenticeships are a key component of this and are making a vital contribution to raising skills. Evaluation studies have consistently shown that Modern apprenticeships are highly popular, of high quality, and meeting the expectations of both employers and young people.

We want to sustain and build on this success and intend to develop modern apprenticeships in every sector where there is a demand. There are currently 70 sector frameworks approved with more expected in the next 12 months. Since modern apprenticeships began, over 100,000 young people have started training. There is every sign that employers' demand for Modern Apprentices will continue to grow and we and Training and Enterprise Councils will work together on how best to respond to that demand.

ATTORNEY-GENERAL

Public Interest Immunity

Mr. Geraint Davies: To ask the Attorney-General if he will make a statement concerning Government policy on public interest immunity. [8777]

The Attorney-General: In accordance with the approach adopted by the last Government and set out in the paper placed in the Libraries of the House on 18 December 1996, public interest immunity will not be asserted by the Government unless the relevant Minister believes that disclosure of a document or piece of information will cause real damage to the public interest. The test will be applied rigorously.

Where public interest immunity applies, Ministers will nevertheless make voluntary disclosure if they consider that the interests of justice outweigh the public interest in withholding the document or information in question. In all cases, a Minister's claim for public interest immunity is subject to the Court's power to order disclosure.

The approach will be followed in both criminal and civil cases.

Treasury Solicitor's Department

Mr. Geraint Davies: To ask the Attorney-General if he will announce the key performance targets for the Treasury Solicitor's Department for 1997–98. [8776]

The Attorney-General: The Treasury Solicitor's Department was established as an executive agency on 1 April 1996.

The following key performance targets have been set for the year 1997–98:

- to achieve annual efficiency savings of 2½ per cent.
- to recover the full operating cost for chargeable services of the agency
- to achieve 90 per cent. customer satisfaction in advisory services
- to achieve a 2½ per cent. reduction in the average unit cost per chargeable hour (litigation)
- to achieve a minimum average number of chargeable hours per full-time caseholder per year (litigation) of 1,100.
- to achieve instructions in at least 8,000 new litigation cases
- to achieve a 2½ per cent. reduction in the average unit cost per case (bono vacantia cases)

A copy of the Agency's Annual Report and Accounts will be placed in the Libraries of the House.

I wish the Treasury Solicitor and his staff a successful year.

SOCIAL SECURITY

Severe Hardship Allowance

Mr. Willetts: To ask the Secretary of State for Social Security how many 16 and 17-year-olds have received severe hardship allowance in each year since their entitlement to benefit in respect of unemployment was withdrawn. [7891]

Mr. Keith Bradley: Our objective is to reduce poverty and welfare dependency and to promote work incentives. We will develop a system that supports work, savings and honesty. One of our first steps is to focus on helping people off welfare and into work.

Unemployed 16 and 17-year-olds who register for work and training can exceptionally apply for benefit if they would otherwise face severe hardship. The number of such young people receiving benefit fluctuates throughout the year but the latest estimate is that some 12,000 receive it at any one point in time.

Benefits (Warrington, North)

Helen Jones: To ask the Secretary of State for Social Security how many people in the Warrington, North constituency have transferred from unemployment related benefits to invalidity or incapacity benefit in the last *(a)* five years and *(b)* 12 months. [6661]

Mr. Denham *[holding answer 10 July 1997]:* Modernising the Social Security system is a key priority of this Government. We are committed to a review with the objective of reducing poverty and welfare dependency and promoting work incentives. Support for sick and disabled people will form part of that review.

The information requested for the last five years is not available, and the information requested for the last 12 months could be obtained only at disproportionate cost.

Benefits Agency Freephone Hotline

Mr. Sanders: To ask the Secretary of State for Social Security when she plans to restore the Benefits Agency Freephone Hotline; and if she will make a statement. [6980]

Mr. Field: Modernising the Social Security system is a key priority of this Government. We will streamline services to provide better, simpler more efficient services to claimants and other customers. There are no plans to restore the Benefits Agency Freeline service. I have asked Peter Mathison, the Chief Executive of the Benefits Agency to write directly and for his reply to be published with this answer.

Letter from Peter Mathison to Mr. Adrian Sanders, dated 10 July 1997:

The Secretary of State for Social Security has asked me to reply to your recent Parliamentary Question concerning the Benefits Agency Freeline service.

There are no plans to restore the Benefits Agency Freeline. Advice and information about benefit entitlement is available through the Agency's network of local benefit offices. Benefit literature is readily available in local offices, post offices and numerous other outlets.

Advice and information on benefits for the disabled, their representatives and carers is available from the Benefit Enquiry Line. The freephone number is 0800 882200.

I hope you find this reply helpful.

Child Support Maintenance

Mr. Pond: To ask the Secretary of State for Social Security how much child support maintenance has been assessed to date but not paid; and what proportion of this is currently assessed to be collectable. [5437]

Mr. Keith Bradley: We expect the Child Support Agency to provide an efficient and effective service to all its clients throughout the child support assessment process. We are looking for substantial and sustained operational improvements from the Agency, in particular on getting more maintenance paid, reducing the backlog and improving customer service.

The administration of the Child Support Agency is a matter for the Chief Executive, Mrs. Faith Boardman. She will write to the hon. Member.

Letter from Mrs. Faith Boardman to Mr. Chris Pond, dated 10 July 1997:

I am replying to your Parliamentary Question to the Secretary of State for Social Security about unpaid child support maintenance.

The amount of child support maintenance where a full maintenance assessment is in place, that had not been paid at the 23 June 1997, was £557,493,252.

The proportion of child support maintenance that is currently regarded as collectable is 48%, taken from the last published Debt Analysis Exercise which was carried out in September 1996. Using this proportion the amount deemed to be collectable is £267,596,761. A further Debt Analysis Exercise has been undertaken this year, and the findings, (once signed off by the National Audit Office), will be published in the Agency's Annual Report and Accounts.

The Agency uses every power available to it to chase up absent parents who try to avoid paying legally due maintenance and our efforts will continue in this area. In 1996–97 the Agency collected or arranged payment for almost £400 million maintenance; this will increase this year to £500 million.

I hope this is helpful.

HOUSE OF COMMONS

All-party Groups and Committees

Mr. Forth: To ask the hon. Member for Roxburgh and Berwickshire, representing the House of Commons Commission, what steps he takes to ensure that the rules regarding all-party groups and committees are properly observed. [7819]

Mr. Kirkwood: This is a matter for the Administration Committee.

AGRICULTURE, FISHERIES AND FOOD

Mink

Mr. Donald Anderson: To ask the Minister of Agriculture, Fisheries and Food what response he intends to make to proposals in the Council of Europe to set international standards for the farming of mink. [6572]

Mr. Morley: The Standing Committee of The European Convention on the Protection of Animals Kept for Farming Purposes is currently reviewing its 1991 recommendation on the welfare of animals farmed for fur. We shall be pressing for adoption of the highest possible standards, paying proper regard to the welfare of the animals concerned. We will not support any convention that weakens present welfare standards. This does not affect the Government's commitment to bringing an end to fur farming in this country: we are urgently considering how this is to be achieved.

Design Flood Levels

Mrs. Brinton: To ask the Ministers of Agriculture, Fisheries and Food if information on design flood levels is required to be made freely available to design professionals by the responsible authority. [7248]

Mr. Morley: The Environment Agency collects information on the risk of flooding from rivers or the sea. I am advised that readily available information on design flood levels can be obtained from the relevant Region of the Agency. Internal Drainage Boards may hold similar information about their districts and I would expect this to be made available on request.

Mrs. Brinton: To ask the Minister of Agriculture, Fisheries and Food which authority is responsible for confirming design flood levels, particularly flood levels in East Anglia. [7247]

Mr. Morley: The Environment Agency (and in areas where they exist, Internal Drainage Boards) provide advice to local planning authorities on risks of flooding from rivers or the sea when they are consulted in connection with development plans or planning applications. They also determine the design flood levels for new and improvement flood defence works that they are themselves empowered to construct on rivers or on the coast.

"Bringing Home the Bacon"

Mrs. Browning: To ask the Minister of Agriculture, Fisheries and Food if he will publish the results of his Department's investigation into the Channel 4 programme "Bringing Home the Bacon". [7706]

Mr. Morley: This investigation has resulted in prosecution proceedings being taken in Thetford Magistrates Court on Friday 1 August and it would be inappropriate to comment any further whilst criminal proceedings are pending.

Cormorants

Mr. Salter: To ask the Minister of Agriculture, Fisheries and Food if he will relax the conditions under which licences are issued for the culling of cormorants on inland waterways in circumstances where fish are subject to intense predation. [7933]

Mr. Morley: Cormorants are protected by the 1979 EC Birds Directive, implemented in the UK by the Wildlife and Countryside Act 1981. This Act provides for them to be shot under licence in strictly limited numbers in cases where they are causing serious damage to a fishery and where there is no other satisfactory solution. There are no powers to undertake a general cull.

As a licensing authority under the 1981 Act, the Ministry must issue licences in accordance with the requirements of the Act and I cannot, therefore, relax the conditions under which they are issued.

HOME DEPARTMENT

Crime Victims (Intimidation)

Mr. Steen: To ask the Secretary of State for the Home Department what is his estimate of the number of victims of crime who are intimidated by prisoners by *(a)* letter or *(b)* telephone; and if he will make a statement. [6606]

Ms Joyce Quin: Statistics are not currently held centrally on the number of victims of crime who are contacted by prisoners following the unauthorised use of cardphones and correspondence which may result in disciplinary or criminal proceedings being taken against

the prisoner concerned. Such information could be obtained only at disproportionate cost by a detailed inspection of prisoners' records.

Latest figures obtained from the Prison Service Victim Helpline referred to in the Victim's Charter, a copy of which is in the Library, indicate that in 1996 the Helpline received 11 complaints from victims about written communications from prisoners and 5 complaints about contact using a cardphone for prisoners' use.

Plastic Baton Rounds

Mr. Sedgemore: To ask the Secretary of State for the Home Department if the ACPO guidelines for the use of plastic bullets are a classified document; and if he will place a copy in the Library. [8277]

Mr. Michael: The guidelines are Home Office guidelines which have in the past been classified. The Code of Practice on Access to Government Information exempts from disclosure information that would harm national security or defence but I do not believe the guidelines come within this category. I am therefore placing a copy of the relevant part in the Library.

Mr. Sedgemore: To ask the Secretary of State for the Home Department, pursuant to his answer of 19 June, *Official Report*, columns *275–76*, when he expects the review of guidelines on the use of plastic baton rounds to be completed. [8269]

Mr. Michael: The Association of Chief Police Officers, together with the Royal Ulster Constabulary, are currently considering the guidelines. When this review is complete, we will consider any proposals that they wish to make. It will be for Ministers to decide whether any changes in the guidelines should be made. I understand that the review is likely to be completed towards the end of the year.

Magistrates Courts

Mr. Malins: To ask the Secretary of State for the Home Department what proportion of Crown court cases in 1996 resulted in a disposal which could have been imposed by a magistrates court. [7467]

Mr. Michael *[holding answer 10 July 1997]:* Information for 1995 is given in the table below. Data for 1996 will not be available until the autumn.

Proportion of Crown court cases which resulted in a disposal which could have been imposed at a magistrates' court by offence group

England and Wales 1995

Offence Group	*percentage*
Indictable only	30
Triable either way	62
All offences[1]	59

[1] Including summary offences.

Fire Services (Gwent)

Mr. Rowlands: To ask the Secretary of State for the Home Department how many call-outs were made during the last five years to *(a)* the Bargoed fire station and *(b)* the Cefn Forest fire station, Gwent. [6417]

Mr. George Howarth: The information requested is not available centrally.

Fine Defaulters

Mr. Kidney: To ask the Secretary of State for the Home Department how many people have been imprisoned by magistrates courts for non-payment of *(a)* fines, *(b)* council tax and *(c)* community charge in England and Wales in each of the last three years. [6445]

Ms Joyce Quin: The available information on receptions into prisons in England and Wales of fine defaulters, and those committed for non-payment of council tax/community charge by magistrates or other courts, are given in the attached table. This information is also published in "Prison Statistics, England and Wales" (tables 1.12 and 6.3 of the 1995 edition, Cm 3355), a copy of which is in the Library. No information is available by type of court for persons committed to custody for non-payment of council tax or community charge, as in nearly all cases no court code had been recorded centrally.

Fine defaulters and those committed for non-payment of community charge/council tax received into prisons in England and Wales by type of court, 1994–1996

	Fine defaulters			*Committed for non-payment of Council tax/Community charge*
Year	*Crown Court*	*Magistrates' Court*	*Other Court*	*(All Courts)*
1994	90	22,342	37	1,363
1995	87	20,035	35	812
1996[1]	59	8,472	24	459

[1] Provisional figures.

Prisoners (Drugs Tests)

Mr. Nicholls: To ask the Secretary of State for the Home Department how many mandatory drugs tests have been made on prisoners since the inception of the scheme; how many tests have proved positive; in how many cases where a positive test has arisen the prisoner has challenged the findings with legal aid; in how many cases the prisoner has been discharged from prison before his challenge to the positive test has been processed; and if he will make a statement. [7320]

Ms Joyce Quin: Between April 1996 and March 1997, the first year in which all establishments undertook mandatory drug tests, almost 57,700 samples were taken under the random testing programme. Of these, some 24 per cent. tested positive for drugs. Information on the number of cases in which legal aid has been granted pursuant to challenging a mandatory drug test result, and on the number of prisoners discharged before a challenge is completed, is not readily available and could be obtained only at disproportionate cost.

Security Staff (Regulation)

Mr. Nigel Jones: To ask the Secretary of State for the Home Department what plans he has to regulate the recruitment of security guards and night club bouncers; and if he will make a statement. [8004]

Mr. Michael: We intend to introduce statutory regulation of the private security industry. We will not be able to bring forward legislation in our first year of office, but will use the time to consult with the industry and others on the best way to provide a comprehensive, effective and streamlined system. We want to look beyond the narrow proposals put forward by the previous Government, which focused only on licensing for the contract guarding sector of the industry. In Opposition, we welcomed the recommendations of the Home Affairs Select Committee on regulation. However, the Committee did not offer a detailed blueprint and we will therefore consider the industry as a whole to decide what action is needed. Recruitment of guards and bouncers will certainly be considered as part of this process.

Probation Circulars

Mr, Beith: To ask the Secretary of State for the Home Department if it is his Department's policy to release all probation circulars to the press. [6898]

Ms Joyce Quin *[holding answer 7 July 1997]:* Probation circulars are always made available to the media on request. Where they involve matters judged to be of particular public interest, steps are taken to give them to the media, sometimes with a Home Office press notice.

LORD CHANCELLOR'S DEPARTMENT

Computers (Century Date Change)

Mr. David Atkinson: To ask the Parliamentary Secretary, Lord Chancellor's Department if he will make a statement on his Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7143]

Mr. Hoon: I take a close personal interest in the progress of the Year 2000 Compliance Projects within the Department and the Agencies and Associated Departments which report to the Lord Chancellor. Senior officials within each organisation have day to day responsibility for the successful resolution of the Year 2000 problem and mechanisms are in place to ensure regular progress reports are submitted to me.

Each organisation's Year 2000 Project follows the comprehensive guidance issued by the Central Computer and Telecommunications Agency. All are on target to reach the two remaining key milestones set by CCTA and the Central IT Unit: the delivery of prioritised and fully costed plans to CCTA by October 1997 and the completion of modification and testing of all systems by 31 December 1998. Figures for the cost of resolving the Year 2000 problem will, therefore, be available in October. The plans will also detail the managerial, technical and business resources required to achieve compliance. My officials are well aware of the need to develop cost effective solutions met from existing provision.

The Chief Land Registrar will be replying directly to the Question on behalf of the Land Registry.

Letter from Ted Beardsall to Mr. David Atkinson, dated 10 July 1997:

In the absence of the Chief Executive I am replying to your recent question concerning the Year 2000 Computer Problem.

The Land Registry set up a project team, led by a senior IT specialist reporting to the Agency Management Board, early in 1996 to identify potential problems and manage any necessary changes. This team has completed an investigation in respect of mainframe software which has indicated that 3% may require attention. Further investigations are also being carried out on the smaller PC based systems and software.

The staff resource allocated to the project represents 45 man years and will involve a number of IT specialist staff at different times in their own areas of expertise. The project costs have been estimated to be in the region of £1.3 million. The cost of preventative and remedial action will be met from the Agency Trading Fund.

A project plan has been drawn up and the Land Registry is on target to achieve the milestone set by CITU that all systems will be millennium compliant by 31st December 1998.

Magistrates

Mr. Beith: To ask the Parliamentary Secretary, Lord Chancellor's Department what plans he has to change the age limits for magistrates. [6922]

Mr. Hoon: The Lord Chancellor announced on 4 July that with immediate effect, he intends to increase the upper age limit for the appointment of lay magistrates to 65. He has no plans to change the lower age limit of 27.

FOREIGN AND COMMONWEALTH AFFAIRS

Indonesia

Mr. Blunt: To ask the Secretary of state for Foreign and Commonwealth Affairs (1) what investigations his Department has undertaken into the use of Hawk aircraft by the Government of Indonesia against its own citizens; [7940]

(2) if Hawk aircraft have been used by the Government of Indonesia against its own citizens. [7939]

Mr. Nicholls: To ask the Secretary of state for Foreign and Commonwealth Affairs what assessment he has made of whether Hawk jets have been used in East Timor. [7938]

Mr. Fatchett: We are looking into allegations of past misuse of certain UK-supplied defence equipment in Indonesia. We have not yet drawn firm conclusions.

Departmental Advisers

Mr. Blunt: To ask the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his answer of 30 June, *Official Report,* column *37,* relating to departmental advisers, if Mr. Mathieson has unescorted access to the Foreign and Commonwealth Office; what security vetting he has received; and who will pay for the vetting. [7755]

Mr. Robin Cook: Mr. Mathieson has received a security briefing so that he can enjoy unescorted access to Foreign and Commonwealth office buildings. He has not been vetted and does not have access to protectively marked papers.

Sierra Leone

Sir John Stanley: To ask the Secretary of State for Foreign and Commonwealth Affairs what steps have been taken by the British Government since 1992 to support democracy and free and fair elections in Sierra Leone. [7800]

Mr. Tony Lloyd: We contributed £3 million towards the 1996 electoral process and sent five observers to join the UN election monitoring group.

Baroness Chalker visited Sierra Leone in January 1996 and met with the Sierra Leone government, opposition parties and NGOs. We have actively supported NGOs in the promotion of good governance.

We have strongly condemned the 25 May coup and are pressing for a peaceful solution to the crisis. We are active within the international organisations that have a role to play, including the United Nations, the Commonwealth and the EU. We support the efforts of regional states to restore the democratically elected government.

Kurdistan (Human Rights)

Mr. Collins: To ask the Secretary of State for Foreign and Commonwealth Affairs what assessment he has made of allegations of human rights abuses in the Diyarbakir region of Kurdistan by agencies of the Turkish Government; and if he will make a statement. [7462]

Mr. Doug Henderson: Our embassy in Ankara monitors all such allegations of abuses in Turkey, including the province of Diyarbakir. We have consistently reminded the Turkish authorities of their obligation to deal with the problems in the south-east with respect to human rights.

Kenya (Rwandan Refugees)

Mr. Green: To ask the Secretary of State for Foreign and Commonwealth Affairs what is his assessment of the safety of Rwandan refugees in Kenya; and if he will make a statement. [7545]

Mr. Tony Lloyd: We are not aware of any grounds for believing that Rwandan refugees in Kenya may be in danger.

Romania

Ann Clwyd: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the Romanian President's comments on NATO's decision to exclude Romania from early admission to NATO. [7260]

Mr. Tony Lloyd: We are well aware of the seriousness with which the President and people of Romania have pursued Romania's application to join NATO. Romania's application is a matter for members of the Alliance collectively. As my right hon. Friend the Prime Minister told the House on 9 July, column 937, we see Romania as a strong candidate for any future enlargement.

St. Paul's Chaldean Church, Baghdad

Mr. Vaz: To ask the Secretary of State for Foreign and Commonwealth Affairs what reports he has received regarding the search by an inspection team of the UN Special Commission of the St. Paul's Chaldean Church in Baghdad on 18 June. [7161]

Mr. Fatchett: On 18 June an official of the International Atomic Energy Agency (IAEA) briefly visited two convents and a church which were in an area designated for inspection by a joint team of the UN Special Commission and the IAEA. Under Security Council Resolutions, the Special Commission has the right to designate for inspection any site in Iraq. I am arranging to place in the libraries of the House, copies of a letter from the IAEA to the President of the UN Security Council describing this incident in detail.

Lockerbie

Sir Teddy Taylor: To ask the Secretary of State for Foreign and Commonwealth Affairs what assessment he has made of the recent article in the *Der Spiegel* magazine on the Lockerbie bombing; and if he will make a statement. [7792]

Mr. Tony Lloyd *[holding answer 10 July 1997]:* The Lord Advocate reconfirmed on 25 June— *Official Report, House of Lords*, columns *1571–73* that he is satisfied on the information available to him that there is no reason not to proceed with the petitions against the Libyans accused of the Lockerbie bombing.

The charges against the accused are based on evidence collected by Dumfries and Galloway Police and anyone with any new evidence should make it available to them. The investigation remains open. We have contacted the German authorities for further information on these allegations. They are pursuing their enquiries.

Strategic Defence Review

Ann Clwyd: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will undertake an independent threat assessment study in the context of the Strategic Defence Review. [7261]

Dr. Reid: I have been asked to reply.

The Strategic Defence Review draws on assessments of risks and challenges from a variety of sources, both inside and outside Government. We are therefore measuring our classified assessments against a range of independent outside views.

DUCHY OF LANCASTER

New Government

Mr. Colvin: To ask the Chancellor of the Duchy of Lancaster when he expects to publish his Department's White Paper on New Government. [7573]

Dr. David Clark: I refer the hon. Gentleman to the answer I gave to my hon. Friend the Member for the City of Durham (Mr. Steinberg), *Official Report*, 3 June 1997, columns *19–20*.

Better Regulation

Mr. Colvin: To ask the Chancellor of the Duchy of Lancaster, pursuant to his answer of 3 July, *Official Report*, column *221*, what meetings he has attended with

his European counterparts to ensure that the European Social and Employment Chapters ensure better quality regulation at the European level; and if he will make a statement. [7661]

Dr. David Clark: It is important for us to ensure that European regulations are clear, focused and accessible without imposing unnecessary burdens on business and citizens.

On 9 July in Vienna, I met Dr. Hannes Farnleitner, Austrian Minister for Economic Affairs, and Dr. Klaus Bünger, State Secretary in the German Economics Ministry, to discuss ways of working together to improve the quality of European regulation during our consecutive EU Presidencies.

I plan to visit other Member States and the European Commission in the Autumn.

City House, Cambridge

Mr. Lansley: To ask the Chancellor of the Duchy of Lancaster if the Property Advisers to the Civil Estate have assessed the potential of City House, Cambridge, as accommodation for Government purposes. [7483]

Dr. David Clark *[holding answer 10 July 1997]:* Responsibility for this matter has been delegated under the terms of the Framework Document to the Property Advisers to the Civil Estate. I have asked its acting Chief Executive, Mr. Malcolm Bowles, to write to the hon. member.

Letter from Malcolm Bowles to Mr. Andrew Lansley, dated 8 July 1997:

The Chancellor of the Duchy of Lancaster has asked me to reply to your Question about City House, Cambridge.

Since 1 April 1996 it has been the responsibility of individual Government Departments to assess the suitability of prospective accommodation.

PACE has not been asked by any department to undertake an assessment as to the potential of City House, Cambridge as accommodation for their own purposes.

NORTHERN IRELAND

Public Appointments

Mr. Robert McCartney: To ask the Secretary of State for Northern Ireland on which occasions the British side of the Anglo-Irish Secretariat has provided information to the Irish side on the Irish Government's nominees for public appointments. [5572]

Marjorie Mowlam: Under Article 6 of the Anglo-Irish Agreement, the Irish Government may put forward proposals for membership of public bodies in Northern Ireland. The role of the British side of the Secretariat is confined to receiving any such names put forward by the Irish side and, once a decision has been made in relation to a particular appointment, informing the Irish side of the success or otherwise of any candidate they had put forward.

Education Spending

Mr. Donaldson: To ask the Secretary of State for Northern Ireland what plans she has to increase the funding available to the education sector in Northern Ireland in the next financial year. [5979]

Mr. Worthington: Schools will benefit by £35.4 million in 1998–99 as a result of the recent budget statement by my right hon. Friend, the Chancellor of the Exchequer. Overall allocations for education in 1998–99 and beyond will be informed by decisions on the Comprehensive Spending Review.

The recently announced £140 million Welfare to Work programme in Northern Ireland will also benefit the education sector as each of the four new options on offer to unemployed people taking up the programme will include an education or training element. More details about this programme will be announced later this year.

Computers (Century Date Change)

Mr. David Atkinson: To ask the Secretary of State for Northern Ireland if she will make a statement on her Department's timetable for dealing with the Year 2000 Computer Problem; who is in charge of the project; how many staff are working on it; what is the projected cost of resolving the problem; and whether the project is on schedule. [7136]

Mr. Paul Murphy: The individual Departments within the Northern Ireland Civil Service, together with the Northern Ireland Office, have their own programmes of action to overcome the Year 2000 problem and these are being progressed. Northern Ireland Departments are following the guidance issued recently by the Central Computer and Telecommunications Agency within OPS. They are working towards a deadline of 1 December 1997 to have fully costed and prioritised plans in place. Accurate figures for the work therefore will be available towards the end of the year.

Crown Premises (Fire Certificates)

Ms Rosie Winterton: To ask the Secretary of State for Northern Ireland how many Crown premises have fire certificates. [8635]

Majorie Mowlam: Following acceptance of Sir Reginald Doyle's Report into the fire at Parliament Buildings, a 2 year target was set for complete certification coverage of the Northern Ireland Government Estate.

As at 11 June 1997 there are 239 certifiable premises.

Certificates have been issued in respect of 200. In a further 6 buildings, only parts of which are occupied by the Crown, all necessary work in the Crown portion has been completed to the satisfaction of the certifying authority. Certificates will be issued once landlords have completed the necessary work in their portions.

Fire safety measures are ongoing at 12 buildings, including some where the work forms part of a major repair and refurbishment scheme.

In a further 15 cases the implementation of the work has been deferred because of significant operational requirements or imminent vacation of the premises.

There are six certifiable buildings recently added to the database. Measures are in hand to have these premises inspected and any work for fire certification purposes implemented as soon as possible.

WALES

British Aerospace (Broughton)

Mr. Barry Jones: To ask the Secretary of State for Wales what is his estimate of the number of jobs provided by the construction of wings and fuselage for the Raytheon Hawker Executive Jet Aircraft at the British Aerospace (AIRBUS) site, Broughton, Flintshire. [8290]

Mr. Hain: I understand that 440 people are currently employed on this work.

Mr. Jones: To ask the Secretary of State for Wales what is his estimate of the number of jobs at the British Aerospace (AIRBUS) factory in Flintshire. [8289]

Mr. Hain: I understand that 2,876 people are currently employed at British Aerospace (including 440 employed on the construction of wings and fuselage for the Raytheon Hawker Jet Aircraft).

CELTEC

Mrs. Betty Williams: To ask the Secretary of State for Wales if he will make a statement on the allegations relating to the North Wales Tec (CELTEC); and what action he proposes to take. [7894]

Mr. Hain: Various anonymous allegations have been received by the Welsh Office which I have asked officials to pursue. I will write to the hon. Member when their enquiries have been completed.

Cardiff Bay Barrage

Mr. Rhodri Morgan: To ask the Secretary of State for Wales, pursuant to his answer of 4 July, *Official Report* column *294*, who provided the legal opinion; who conducted the economic analysis on the barrage; and if he will place copies of the reports in the Library. [7784]

Mr. Ron Davies *[holding answer 10 July 1997]:* My officials have on my behalf undertaken a review of the barrage project. I have also considered fresh legal advice, particularly on the status of the project in relation to European Directives.

Their advice to me included an assessment of potential financial costs. Committed expenditure on the scheme is around £140 million. Failure to proceed, involving clearance of the Bay and contractual penalties, could add over £30 million to this. None of these amounts would be recoverable and would represent fruitless expenditure if the project were abandoned.

I also gave weight to the legitimate expectations of those who have invested in the Bay—and are still doing so—in the belief that the barrage was a key priority in the regeneration of South Cardiff and would be completed, creating the waterfront that has been central to the Bay's investment promotion strategy. Setting aside estimates of future growth, ventures recently announced or at an advanced stage of discussion alone involve investment of some £200 million, bringing major development and employment benefits to the area.

The Commission have accepted that the compensation measures proposed would be adequate to meet the requirements of Article 6(4) of the Habitats Directive.

For these reasons, I have felt bound to conclude that the only proper course open to me was not to intervene and to allow the project to proceed.

TREASURY

Energy Taxation

Sir Richard Body: To ask the Chancellor of the Exchequer what proposals for harmonised energy taxation are currently under discussion at European Union level. [6091]

Dawn Primarolo: The Energy Products Directive is currently under discussion. An explanatory memorandum on the proposal, COM(97)30—full name "Proposal for a Council Directive Restructuring the Community Framework for the Taxation of Energy Products"—was deposited in the House of Commons Library on 21 May.

European Community Budget

Mr. Timms: To ask the Chancellor of the Exchequer when he will publish the statement on the 1997 European Community Budget. [8726]

Mrs. Liddell: I have today laid before Parliament the Statement on the 1997 Community Budget, entitled "European Community Finances". This White Paper is the seventeenth in the series. As in the past, it covers annual budgetary matters and includes details of recent developments in European Community financial management and in countering fraud against the Community Budget. It also describes the budget for 1997 as adopted by the European Parliament and the United Kingdom's gross and net contributions to the Community Budget over the years 1994 to 1997.

Hydrocarbon Oil Duty

Mr. Heathcoat-Amory: To ask the Chancellor of the Exchequer if he will estimate the additional revenue which will be raised by the increase in hydrocarbon oil duty from an imposition up to the end of November. [7386]

Dawn Primarolo *[holding answer 8 July 1997]:* The revenue yield from starting the announced Budget measures on road fuels, gas oil and fuel oil duties on 2 July instead of end November 1997 is approximately £695 million.

11 Downing Street (Energy Efficiency)

Mr. Dafis: To ask the Chancellor of the Exchequer what measures have been taken during the past five years to improve the energy efficiency of 11 Downing Street; at what point on the National Home Energy Rating Scheme 11 Downing Street lies; and what future measures are planned to increase its energy efficiency. [7103]

Mr. David Clark: I have been asked to reply.

I refer the hon. Member to the answer given by my right hon. Friend the Prime Minister on 10 July 1997 *(Official Report* columns *526-27).*

DEFENCE

Open Government Review

Ann Clwyd: To ask the Secretary of State for Defence if he will publish his Department's submission to the Review on Open Government. [7250]

Dr. Reid: I refer my hon. Friend to the reply given by my right hon. Friend the Prime Minister to the hon. Member for Hereford (Mr. Keetch) on 4 July, *Official Report,* column *294.*

Stragic Defence Review

Mr. Key: To ask the Secretary of State for Defence what will be the role of the Defence Committee in the Strategic Defence Review. [6665]

Dr. Reid: The role of the Defence Select Committee is to examine the expenditure, administration and policy of the Ministry of Defence. In this context, I expect the Defence Select Committee, once established, to take a constructive and close interest as the Review progresses.

Mr. Key: To ask the Secretary of State for Defence if he will list the number of his Department's *(a)* military and *(b)* civilian employees in Northern Ireland, indicating those whose function will be covered by the Strategic Defence Review. [6753]

Dr. Reid: As at 1 April 1997 there were:

(a) 11,822 members of the Regular Forces plus 2,818 Home Service full-time and 2,006 Home Service part-time members of the Royal Irish Regiment.

(b) 3,184 MOD civilian employees

in Northern Ireland. The Strategic Defence review will cover all aspects of how our Armed Forces should be structured, equipped and deployed. It is too soon to comment on particular issues.

Sir Teddy Taylor: To ask the Secretary of State for Defence what arrangements are being made to invite submissions in connection with the Defence Review from informed commentators outside his Department. [7061]

Dr. Reid: My right hon. Friend the Secretary of State for Defence invited all those with an interest in defence to submit contributions to the Strategic Defence Review when he launched the Review on 28 May. Many have been received, including from informed commentators, and they are being taken into account in work on the Review. Outside contributions are also being made through the joint Foreign and Commonwealth Office and Ministry of Defence seminars on the Review policy baseline, in which a wide cross-section of expertise has been involved.

Mr. Gill: To ask the Secretary of State for Defence if he will publish in respect of his Strategic Defence Review *(a)* those subjects which are excluded and *(b)* those on which he has invited observations, submissions and evidence. [7376]

Dr. Reid: No subjects are excluded from the Strategic Defence Review. It is, however, based on the policy principles on which the Government was elected. In addition, some issues such as Service personnel policy will be considered as a matter of routine and not form a specific part of the Review process, although the impact on them of decisions taken in the Review may need to be considered.

We have invited inputs from all those with good ideas on policy and the best use of defence resources.

Mr. Gill: To ask the Secretary of State for Defence what progress he has made in arranging for input to the Strategic Defence Review to be developed on an all party basis. [7350]

Dr. Reid: My right hon. Friend the Secretary of State for Defence wrote to Opposition Defence Spokesmen on 28 May informing them of the proposed conduct of the Strategic Defence Review and inviting their contributions to the debate. He has also written to every right hon. and hon. Member and spokespersons of all UK parties in the European Parliament inviting their inputs into the Review process. My noble Friend the Minister of State for Defence Procurement has written similarly to interested Peers. Contributions are also being made by invited representatives from the Opposition Parties at the joint Foreign and Commonwealth Office and Ministry of Defence seminars on the Review policy baseline.

Mr. Keith Simpson: To ask the Secretary of State for Defence which departmental meetings concerned with the Strategic Defence Review have been filmed for a television documentary. [7892]

Dr. Reid: No departmental meetings concerned with the strategic Defence Review have yet been filmed for a television documentary. A BBC TV documentary team has, however, filmed the first open seminar on the Strategic Defence Review, held at the Foreign and Commonwealth Office on 3 July.

St. Paul's Chaldean Church, Baghdad

Mr. Vaz: To ask the Secretary of State for Defence what reports he has received regarding the search by an inspection team of the UN Special Commission of the St. Paul's Chaldean Church in Baghdad on 18 June. [7162]

Mr. Reid: I refer my hon. Friend to the answer given to him today by my hon. Friend, the Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Leeds, Central (Mr. Fatchett).

Eurofighter

Mr. Keith Simpson: To ask the Secretary of State for Defence what is the minimum number of Eurofighter aircraft needed to meet the RAF's operational requirement. [7893]

Dr. Reid: The minimum number of Eurofighter aircraft required to replace our Tornado F3 and Jaguar aircraft is 232.

HEALTH

Smoking

Mr. Fearn: To ask the Secretary of State for Health if he will review the responsibilities of the British tobacco industry in respect of public health, following the agreement in the United States concerning tobacco industry funding of health care for sufferers of smoking-related diseases. [5955]

Ms Jowell: The full details of the United States settlement will be studied as they become available. All aspects of tobacco control strategy, including this development, will be examined at our Summit meeting of national and international experts on 14 July.

Internet

Mr. Gordon Prentice: To ask the Secretary of State for Health what assessment he has made of the implications for the NHS of the increasing use of the Internet in informing patient choices of the nature and range of treatment available to those suffering from specific complaints. [5949]

Mr. Milburn: Sharing information about health and healthcare is central to the National Health Service Executive's Information Management and Technology Strategy for the NHS. The establishment of a networking infrastructure makes it possible to examine the potential for telemedicine and online booking of appointments, together with the electronic transfer of test requests and results. The network can also be used to deliver multimedia training material to clinicians, together with health educational and informative material that can be targeted at specific groups of patients and the public—for example, on smoking—that could be made available through general practitioner surgeries and clinics.

Scope for direct public access to health information is clearly more limited—it is paramount that there should be no compromise to the security and confidentiality of clinical information systems. Nevertheless there is considerable opportunity for the Department, the NHS Executive, and the NHS to make available generic health information and information about the NHS; an increasing number of trusts and health authorities are already creating publicly accessible websites on the Internet. There is interest within the Department and the NHS on extending these as communications possibilities open up through public library networks and the proposed public access kiosk.

Department of Health officials maintain liaison with industry to ensure their support and co-operation in exploiting the potential of electronic communications in the delivery of responsive and efficient healthcare, and take part in the Department of Trade and Industry's "IT for All" initiative.

Private Finance Initiative

Mr. Jack: To ask the Secretary of State for Health what is the value of PFI projects above which NHS trusts must seek approval to proceed from his Department. [6823]

Mr. Milburn: The table shows the value of Private Finance Initiative projects above which National Health Service trusts must seek approval from the NHS Executive. This value is dependent on turnover.

Total Capital Cost/Whole Life Cost[1]	*Outline and full business case approval must be sought from the NHS Executive if NHS trust turnover is:*
Over £250,000	Under £30 million
Over £600,000	£30 million to £80 million
Over £1 million	Over £80 million

[1] Whole Life Cost relates to Information Management & Technology projects.

Mr. Jack: To ask the Secretary of State for Health which of his approved PFI hospital projects have *(a)* outline planning permission and *(b)* full planning permission. [8148]

Mr. Milburn: "Approved" means that *all* the parties involved in the project (officials, Ministers, consortia and financiers) have reached agreement to the point where a commercial contract has been signed, thereby ensuring that the project can proceed successfully to financial close.

Two schemes, at Dartford and Gravesham NHS Trust and Norfolk and Norwich Healthcare NHS Trust, have reached this stage and both have full planning permission.

Mr. Jack: To ask the Secretary of State for Health what is for each of the approved PFI hospital projects the amount expended to date on legal and financial advice and other consultancy fees by the relevant NHS trust. [8153]

Mr. Milburn: Information is now collected centrally on total expenditure on fees for external consultants involved in major Private Finance Initiative schemes. Two schemes, at Dartford and Gravesham NHS Trust and Norfolk and Norwich Healthcare NHS Trust have reached agreement to proceed to financial close. The figures for the amounts expended to date by these two trusts on legal and financial fees is as follows:

Dartford and Gravesham NHS Trust—£1,990,000

Norfolk and Norwich Healthcare NHS Trust—£2,200,000

Dental Services

Ms Keeble: To ask the Secretary of State for Health what amount was spent on Community Dental Services *(a)* nationally and *(b)* broken down by health authority in 1995–96 and 1996–97. [7382]

Mr. Milburn: The level of expenditure on the Community Dental Service is decided by individual health authorities. For 1995–96, we have only information provided by National Health Service trusts on their expenditure on Paediatric Dental Community Services. This expenditure in England was £88.295 million. Information for 1996–97 will not be available until the end of the year.

Ms Keeble: To ask the Secretary of State for Health which health authorities have, during the last five years, asked the Secretary of State to use his powers under section 56 of the National Health Service Act 1977 over the provision of the general dental service and of the Community Dental Service in their areas. [7381]

Mr. Milburn: Where there is evidence of inadequate provision of general dental services in any area or part of an area, my right hon. Friend the Secretary of State for Health may use his powers under Section 56 of the National Health Service Act 1997 to help health authorities secure the adequate provision of services. This section does not apply to the Community Dental Service. The health authorities who have applied to the Secretary of State for Health since 1992 under Section 56 are shown in the table. The table is based on the new health authority boundaries which came into effect on 1 April 1996.

Health authorities who have applied to the Secretary of State for Health under Section 56 of the NHS Act 1977 since 1992.

Avon
Barnet
Bedfordshire
Birmingham
Bromley
Buckinghamshire
Calderdale and Kirklees
Cambridgeshire
Cheshire*
City and East London
Cornwall and Isles of Scilly
Coventry
Cumbria*
Derbyshire
Dorset
Dudley
Ealing, Hammersmith and Hounslow
East Sussex, Brighton and Hove
East Riding
Essex*
Gloucestershire
Greenwich and Bexley
Hampshire*
Hereford and Worcester*
Humberside*
Isle of Wight
Kensington, Chelsea and Westminster
Kent*
Kingston and Richmond
Lambeth, Southwark and Lewisham
Lancashire
Lincolnshire
Liverpool
Manchester
Merton, Sutton and Wandsworth
Norfolk*
North Derbyshire
North and East Devon
Northamptonshire
North Staffordshire
North West Anglia
North West Lancashire
North Yorkshire
Oxfordshire
Salford and Trafford
Shropshire
Solihull
Somerset
Staffordshire*
South Cheshire
South and West Devon
South Lancashire
Southampton and South West Hampshire
Suffolk
Surrey*
Wakefield
Warwickshire
West Sussex
Wigan and Bolton
Wiltshire
Worcestershire
Wolverhampton

The majority of applications made by the former Family Health Service Authorities (FHSA), which were abolished in April 1996, have been assigned to the new health authorities which replaced them.

Where this was not possible the FHSA is indicated by an asterisk.

Ms Keeble: To ask the Secretary of State for Health if, under the guidelines set out in section D2 of the health service guidelines on primary care dental services (HSG (97) 4) of 14 March, anyone refused NHS dental treatment on the NHS because of a shortage of NHS dentists in their area will be entitled to use the Community Dental Service. [7385]

Mr. Milburn: Health authorities are expected to look first to the Community Dental Service to act as a safety net for patients unable to secure National Health Service treatment, before any alternative measures are considered.

Meals on Wheels

Mr. Sheerman: To ask the Secretary of State for Health what arrangements his Department has made for monitoring the quality of the meals supplied by meals-on-wheels services. [7191]

Mr. Boateng: "Caring for Quality in Day Services" is a standard which applies as part of an inspection process, copies of which are available in the Library. It encourages agencies to review their day service provision and offers guidance on how best to provide positive packages which include appropriate provision of meals services.

We would expect local authorities and health authorities to ensure that when providing meals services the preparation and delivery arrangements comply with proper hygiene and health standards. Nursing and care staff in hospital, residential and nursing home settings are expected to ensure that people in need of assistance with eating receive it.

Treatment (Ingredient Costs)

Ms Hodge: To ask the Secretary of State for Health what the average net ingredient cost per course of treatment was in each of the last 10 years for the British National Formulary Chapters in respect of infections, immunological products and vaccines, skin, the gastro-intestinal system and the respiratory system. [7232]

Mr. Milburn: The information requested is shown in the table.

The average net ingredient cost per prescription dispensed in selected British National Formulary chapters, 1986–1996

England

British National Formulary chapter	*1986*	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*
Average net ingredient cost per prescription (£)											
Gastro-intestinal system	6.38	7.09	7.81	8.60	9.59	10.37	11.39	12.35	13.05	13.94	14.65
Respiratory system	4.16	4.49	5.31	5.92	6.50	7.09	7.98	8.57	9.33	9.78	10.42
Infections	3.09	3.41	3.57	3.65	3.85	4.01	4.26	4.20	4.47	4.47	4.43
Skin	2.55	2.76	3.02	3.27	3.59	3.84	4.24	4.56	4.65	4.73	4.92
Immunological products and vaccines	4.96	6.18	6.41	6.32	6.62	3.67	4.42	5.75	6.99	7.86	8.27
Average net ingredient cost per prescription, at 1996 prices (£)											
Gastro-intestinal system	10.11	10.95	11.78	12.74	13.80	14.33	14.78	14.85	14.66	14.69	14.65
Respiratory system	6.58	6.94	8.00	8.77	9.36	9.80	10.36	10.31	10.49	10.30	10.42
Infections	4.90	5.26	5.38	5.40	5.54	5.54	5.53	5.05	5.03	4.70	4.43
Skin	4.04	4.26	4.55	4.84	5.16	5.31	5.50	5.48	5.22	4.98	4.92
Immunological products and vaccines	7.85	9.55	9.67	9.37	9.53	5.07	5.73	6.92	7.85	8.28	8.27

Notes:

1. Therapeutic classes are based on the British National Formulary (September 1995).
2. Please note that the data up to 1990 are not consistent with data from 1991 onwards. Figures up to 1990 are based on fees and on a sample of 1 in 200 prescriptions dispensed by community pharmacists and appliance contractors only. Figures from 1991 are based on items and cover all prescriptions dispensed by community pharmacists, appliance contractors dispensing doctors and prescriptions submitted by prescribing doctors for items personally administered.
3. The net ingredient cost refers to the cost of the drug before discounts and does not include any dispensing costs or fees.
4. Figures at 1996 prices are calculated using the GDP Deflator.

NHS Expenditure

Mr. Campbell-Savours: To ask the Secretary of State for Health what arrangements he is introducing to ensure that the additional resources for the NHS in the year 1998–99 released in his Budget are equitably distributed across health authorities throughout the United Kingdom. [7724]

Mr. Milburn: An announcement will be made about 1998–99 allocations in the autumn. We are committed to allocating resources as fairly as possible fully to reflect local population needs.

Questions relating to Scotland, Wales and Northern Ireland are matters for my right hon. Friends the Secretaries of State for Scotland, for Wales and for Northern Ireland, respectively.

Mr. Jack: To ask the Secretary of State for Health if he will list the amounts of additional funds that NHS hospital trusts would receive in 1998–99 using allocations for 1997–98 as the pro rata basis for this calculation. [7448]

Mr. Milburn: National Health Service trusts receive most of their income through contracts with health authorities and general practitioner fundholders. They are not directly funded by the Department of Health.

An announcement will be made about 1998–99 allocations to health authorities in the Autumn.

NHS Pay

Mr. Jack: To ask the Secretary of State for Health if he will publish a list of staff grades employed in the NHS on hourly rates indicating hourly rates for those jobs for 1997–98. [7455]

Mr. Milburn: The pay of National Health Service staff on national terms and conditions of service is generally expressed on an annual or weekly basis. The current national pay rates for staff employed in the NHS are published in the various Advance Letters for each staff group, copies of which are available in the Library.

PFI (North Staffordshire)

Ms Walley: To ask the Secretary of State for Health what legal fees have so far been paid to consultants in respect of PFI proposals in North Staffordshire. [7450]

Mr. Milburn: North Staffordshire Combined Healthcare National Health Service Trust have incurred costs of £26,000 to date relating to fees paid to external legal consultants engaged as part of the Private Finance Initiative scheme.

Health Care Review (London)

Mr. Forth: To ask the Secretary of State for Health if he will list for the review of health care in London *(a)* the expected completion date and *(b)* the cost of conducting the review. [8262]

Mr. Milburn: The Independent Advisory Panel undertaking the London review have been asked to report by the end of October this year. The cost of the review will be low.

Mr. Simon Hughes: To ask the Secretary of State for Health if the advisory panel on health services in London is empowered to review and make recommendations on any future service changes in London currently planned to take place after the period of the review. [7879]

Mr. Milburn: Decisions on all service changes in London after the completion of the review will take into account the recommendations of the panel.

Mr. Hughes: To ask the Secretary of State for Health (1) if the advisory panel on health services in London is required to work in partnership with the NHS Executive to establish the financial implications of all the currently proposed service changes at *(a)* Guy's hospital, *(b)* St. Thomas's hospital, *(c)* King's College hospital and *(d)* Lewisham hospital, including in each case their impact on other services; [7880]

(2) if the advisory panel on health services in London is required to consider the coherence of all current plans, including for capital investment of *(a)* Lambeth,

Southwark and Lewisham health authority, *(b)* Guy's and St. Thomas' hospital NHS trust, *(c)* Optimum health services NHS trust, *(d)* King's Healthcare NHS trust, *(e)* Lewisham hospital NHS trust and *(f)* Lewisham and Guy's Mental Health NHS trust; [7881]

(3) if the advisory panel on health services in London is *(a)* empowered and *(b)* required to review the provision of and planning for all health services within the area of the Lambeth, Southwark and Lewisham health authority; [7883]

(4) if the advisory panel on health services in London is *(a)* empowered and *(b)* required to review the provision of and planning or all health services provided at and planned for the site of Guy's hospital; [7884]

(5) if the advisory panel on health services in London is *(a)* empowered and *(b)* required to review the provision of and planning for all health services provided by and planned for the Guy's and St. Thomas' hospital trust. [7885]

Mr. Milburn: The panel has been asked to ensure coherence in health authority and National Health Service trust plans, including proposals for capital investment, and to review health authority plans for 1998–99. The panel will consider plans for services by these health authorities and trusts within this context.

Mr. Hughes: To ask the Secretary of State for Health if he will list the criteria by which the future of St. Bartholomew's hospital, Queen Mary's Roehampton and Harold Wood and Oldchurch hospitals were singled our for specific reference in the terms of reference of the advisory panel on health services in London. [7882]

Mr. Milburn: It is not too late to review these proposals and we want to be sure that the right decisions are taken in terms of meeting the needs of local people. Changes currently proposed in these three areas are of genuine concern to the public and to health professionals.

Clinical Services

Mr. Jack: To ask the Secretary of State for Health (1) if he classifies haemodialysis as a clinical service; [8152]

(2) if he will publish a full list of clinical services available through the national health service; [8150]

(3) what is his definition of a clinical service. [8149]

Mr. Milburn: I refer the right hon. Member to the reply I gave him on 10 July 1997, column *579*.

Mr. Jack: To ask the Secretary of State for Health if he will list each of the clinical services which will be available at each of the PFI hospitals on his approved list of PFI projects. [8151]

Mr. Milburn: As part of the review of the Private Finance Initiative, officials will be considering what services may be included in PFI projects and are aiming to produce a list of these by the end of the year.

Aircraft Disinfectant Tanks

Mr. Dalyell: To ask the Secretary of State for Health, pursuant to his Department's letter of 20 June, POH (3) 5437/5 if he will assess the advantages of requiring airlines to add *(a)* glutaralydehyde and *(b)* other water-soluble oils active against viruses, to aircraft disinfectant tanks. [7934]

Ms Jowell: There would be no advantage in adding glutaraldehyde, or similar disinfectants, to aircraft sewage tanks because the normal processes for treating such sewage are considered adequate for the protection of public health.

Solihull Hospital

Mrs. Spelman: To ask the Secretary of State for Health what plans he has for mergers of NHS trusts in the Birmingham area; and if he will make a statement on their effect on the future of Solihull hospital. [8157]

Mr. Milburn: There are currently no proposals for trust mergers in the Birmingham area. In April 1996, Solihull hospital merged with Birmingham Heartlands NHS Trust to form Birmingham Heartlands and Solihull NHS trust (Teaching). The merger secured the future of Solihull Hospital and local services for the people of Solihull. There are no plans to change this arrangement.

District General Hospitals

Mr. Jack: To ask the Secretary of State for Health what the non-construction costs were of the last district general hospital to be built; and which it was. [8146]

Mr. Milburn: There is no recognised definition of non-construction costs.

Mr. Jack: To ask the Secretary of State for Health what estimate he has made of the average cost of the professional work involved in preparing the plans and relevant project details for a district general hospital valued at *(a)* £50 million, *(b)* £100 million, *(c)* £150 million and *(d)* £200 million. [8154]

Mr. Milburn: Costs vary depending on whether the scheme is new build or refurbishment, the method of fee acceptance and other factors.

Mr. Jack: To ask the Secretary of State for Health what was the average time taken by his Department from project inception to formal approval for the last five district general hospitals to be built. [8147]

Mr. Milburn: Project inception is not a standard term, so the information requested is not available.

Norfolk and Norwich Hospitals

Mr. Jack: To ask the Secretary of State for Health on how many occasions the construction consortium negotiating the PFI contract for the Norfolk and Norwich hospitals prevented commercial close being achieved by a request for further contractual negotiations. [8156]

Mr. Milburn: The procurement has been conducted using the negotiated procedure of the European Union procurement regulations. Commercial close cannot be achieved until all negotiations have been concluded to the satisfaction of both parties.

ENVIRONMENT, TRANSPORT AND THE REGIONS

Road Schemes

Ms Walley: To ask the Secretary of State for the Environment, Transport and the Regions if he will list for each road scheme under construction the projected costs and the actual costs in the same format as in the answer of 16 October 1995, *Official Report*, columns *75–80*. [6871]

Ms Glenda Jackson: I have asked the Chief Executive of the Highways Agency to write to my right hon. Friend.

Letter from Lawrie Haynes to Ms Joan Walley, dated 11 July 1997:

As you know, the Minister of Transport in London, Miss Glenda Jackson, has asked the Agency to reply to your recent Parliamentary Question concerning road schemes under construction. Lawrie Haynes, Chief Executive, has asked me to reply as he is away from the office at present.

You asked for details of projected costs for each of these schemes together with actual costs. As these schemes are currently under construction and consequently final accounts have not been agreed with the contractors concerned, it is not possible to supply the actual costs. To publish estimates of the final outturns would pre-empt discussions still in progress with the contractors concerned. I therefore enclose a list of all schemes currently under construction with details of their tender costs.

The Procurement strategy which the Agency announced on 24 June 1997 is aimed at improving cost control of our projects.

Route	*Scheme*	*Tender cost £m*
M1/M621	Link Road, Leeds MB	15.44
M5	J18–19 Widening, City of Bristol, North West Somerset	50.00
M25	J8–10 Widening, Surrey	93.39
M65	Blackburn Southern Bypass Contract 1, Lancashire	65.86
M65	Blackburn Southern Bypass Contract 2, Lancashire	79.95
M66	Denton–Middleton Contract 1, Tameside MB, Oldham MB	101.88
M66	Denton–Middleton Contract 2, Oldham MB, Manchester MB	48.93
A12	Hackney Wick–M11 Link Contract 1, LB Hackney, Waltham Forest, Newham	25.26
A12	Hackney Wick–M11 Link Contract 2, Waltham Forest, Newham	78.91
A12	Hackney Wick–M11 Link Contract 3, Waltham Forest	32.02
A12	Hackney Wick–M11 Link Contract 4, Redbridge, Waltham Forest	31.56
A13	Wennington–Mar Dyke, Essex, Havering MB	30.82
A13	West of Heathway–Thames Avenue Imp, LB Barking and Dagenham	50.90
A16	Market Deeping/Deeping St. James Bypass	7.10
A34	Newbury Bypass, Berkshire, Hampshire	73.71
A50	Blythe Bridge–Queensway Phase 2, Staffordshire	21.31
A406	Silver Street–Fore Street Imp, LB Enfield	36.63
A564	Derby Southern Bypass and Derby Spur Contract A, Derbyshire, Leicestershire	109.53

Vehicle Exhausts

Mr. Collins: To ask the Secretary of State for the Environment, Transport and the Regions what research his Department *(a)* is undertaking, *(b)* has evaluated and *(c)* has conducted into the effects on pedestrians of the positioning of exhaust outlets of heavy goods vehicles and public service vehicles at ground level; if he will introduce legislation to require repositioning of exhaust outlets at the top of vehicles, along the lines of that introduced in the United States; and if he will make a statement. [7460]

Ms Glenda Jackson: The Government is not aware of any research into the effects on pedestrians of the positioning of exhaust outlets of heavy goods and public service vehicles and has not considered making it mandatory to reposition exhaust outlets at the top of vehicles. It is however a requirement that buses have their exhaust pipes at the rear or on the off side of the vehicle.

Exhaust emissions from heavy vehicles are being addressed through a series of improvements in vehicle design and exhaust after-treatment systems, together with in-service enforcement measures, which are aimed at achieving a general standard of air quality. Although, against this background, it would not appear that the position of the exhaust pipe will have any significant impact on health, it is nevertheless a factor which we shall take into account as we explore with industry how even cleaner and more efficient vehicles may be produced.

Coach Operators (Disabled Travellers)

Mr. Gordon Marsden: To ask the Secretary of State for the Environment, Transport and the Regions what plans he has to meet representatives of coach and tour operators to discuss *(a)* the priority reservation of front seats in coaches for disabled people and *(b)* other improvements to accommodate the needs of the disabled traveller. [7737]

Ms Glenda Jackson: The allocation of seats in an operational issue for coach operators.

We are, however, actively pursuing other improvements to ensure coaches are easier to use by disabled people. Discussions have been taking place with the bus and coach industry, both operating and manufacturing, to consider the detail of the accessibility regulations which will be introduced under the Disability Discrimination Act.

Bridges

Mr. Blizzard: To ask the Secretary of State for the Environment, Transport and the Regions if he will list the locations of all the lift-up bridges and swing bridges on trunk roads in Britain. [7856]

Ms Glenda Jackson: I have asked the Chief Executive of the Highways Agency to reply to my hon. Friend.

Letter from Lawrie Haynes to Mr. Bob Blizzard, dated 11 July 1997:

The Secretary of State for the Environment, Transport and the Regions has asked Lawrie Haynes, Chief Executive, to reply to your recent question about the number of lift-up and swing bridges on trunk roads in Britain. Lawrie Haynes has asked me to reply as he is away from the office at present.

We do not have records of bridges in Wales, Scotland or Northern Ireland. These would be kept by the respective Government Departments. There are three lift-up bridges and five swing bridges on trunk roads in England, they are:

Lift-up Bridges:

Lowestoft Bascule Bridge—A12 over Lowestoft inner harbour, Suffolk

Breydon Bridge—A12 at Great Yarmouth, Norfolk

Kingsferry Bridge—A249 over River Swale, Isle of Sheppey, Kent*

Swing Bridges:

Cross Keys Bridge—A17 over River Nene, Sutton Bridge Lincs

Fosdyke Bridge—A17 over River Welland, South of Fosdyke, Lincs

Selby Bridge—A19 over River Ouse, Selby, North Yorks.#

Acton Bridge—A49 over River Weaver, North of Weaverham, Cheshire.†

Myton Bridge—A63 over River Hull, Kingston-upon-Hull, Humberside.

* Jointly owned with Railtrack

\# In Local Authority ownership

† Owned by British Waterways Board

I hope this information is helpful.

Traffic Noise

Mr. Hunter: To ask the Secretary of State for the Environment, Transport and the Regions what is his policy for reducing the noise of traffic on motorways and trunk roads which pass through residential areas; and if he will make funds available for noise-reducing programmes. [8122]

Ms Glenda Jackson: The policy towards the mitigation of the noise of traffic on motorways and trunk roads near to residential properties derives from the Land Compensation Act 1973 and the associated Noise Insulation Regulations. On roads or motorways constructed or improved since 17 October 1969, appropriate measures to mitigate the impact of traffic noise have been provided and owners of affected properties have been able to claim additional compensation for the consequential lowering of the value of their property. It is not our policy to provide further measures to reduce the noise of traffic on trunk roads and motorways after the works have been completed and there are no plans to allocate funds for this purpose. In exceptional cases, where a trunk road was built before 17 October 1969 and not subsequently improved, noise barriers have been provided where it could be shown that these would be a feasible and cost—effective alternative to noise insulation of a significant number of affected properties, had that option been available.

Kingskerswell Bypass

Mr. Nicholls: To ask the Secretary of State for the Environment, Transport and the Regions what is his Department's policy towards the building of the Kingskerswell Bypass. [7877]

Ms Glenda Jackson: I refer the hon. Member to the reply given by me to the hon. Member for Torbay (Mr. Sanders) on 16 May, columns *4-5*.

Pupils (Bus Safety)

Mr. Oaten: To ask the Secretary of State for the Environment, Transport and the Regions if drivers of private buses are entitled to refuse to carry a pupil they believe will cause dangers to safety on the bus. [7821]

Ms Glenda Jackson: The Public Service Vehicle (Conduct of Drivers, Inspectors, Conductors and Passengers) Regulations 1990 entitle a bus driver both to remove any passenger who puts at risk or unreasonably impedes or causes discomfort to any other passenger or to operating staff, and to request a police constable to remove such a person. The driver also has responsibility under general legislation to exercise proper control of the vehicle, and to ensure that the vehicle does not exceed its legal carrying capacity.

If the vehicle is operating under contract, any additional grounds on which drivers may refuse the right of carriage are a matter for the operator and the body hiring it under the terms of the contract. A relevant factor in the case of a vehicle hired by a school may be whether the pupils are accompanied by a supervisor or not.

Road Traffic Reduction Act

Mr. Martyn Jones: To ask the Secretary of State for the Environment, Transport and the Regions what progress has been made on the publication of guidelines to local authorities regarding their responsibilities under the Road Traffic Reduction Act 1997; and if he will make a statement. [8492]

Ms Glenda Jackson: Work is under way on the drawing up of guidance to local authorities on meeting their responsibilities under the Road Traffic Reduction Act 1997. The Government intends issuing this in draft later this year to allow interested parties to comment on its contents.

Vehicle Emission

Mr. Martyn Jones: To ask the Secretary of State for the Environment, Transport and the Regions if he will make a statement on his proposals to involve local authorities in checking vehicle emissions at the roadside. [8489]

Ms Glenda Jackson: The Government hopes to make an announcement shortly about proposals to involve local authorities in checking vehicle emissions at the roadside. The proposals will be subject to public consultation and parliamentary approval.

Railtrack

Mr. Colvin: To ask the Secretary of State for the Environment, Transport and the Regions what measures he is taking to ensure that the imposition of the windfall tax on Railtrack plc does not affect *(a)* investment, *(b)* charges and *(c)* employment; and if he will make a statement. [7571]

Ms Glenda Jackson: I understand that the Rail Regulator's initial analysis suggests that the windfall tax will not affect Railtrack's ability to deliver its existing investment commitments at current levels of access charges.

Employment issues are a matter for Railtrack.

Road Accidents (Alcohol)

Mr. Colvin: To ask the Secretary of State for the Environment, Transport and the Regions if he will review the effectiveness of Government advertising to prevent road accidents involving alcohol; and if he will make a statement. [7570]

Ms Glenda Jackson: The Government campaigns to prevent road accidents involving alcohol have been instrumental in changing driver behaviour and making drinking and driving unacceptable to the public.

All campaigns are evaluated for effectiveness through market research and public attitudes to drinking and driving are regularly monitored. Research carried out over the last twenty years, among men who drive and also drink outside the home, shows that:

- those who had driven after drinking on at least one occasion in the last week had fallen from 51 per cent. to 25 per cent.
- the proportion drinking 6+ units (1 unit equals about ½ pint of ordinary strength beer, 25ml of spirits or 100ml wine) and then driving on at least one occasion in the last week fell from 15 per cent. to 4 per cent.
- The proportion claiming to leave the car at home increased from 54 per cent. to 75 per cent. and the proportion claiming to arrange for someone else to drive increased from 48 per cent. to 61 per cent.
- There has also been a marked reduction in belief that it is difficult to avoid drinking and driving in the social context (61 per cent. to 25 per cent.) and that knowing you will have to drive spoils the evening.

These campaigns, together with enforcement action by police forces, have helped reduce drink/drive fatalities from 1,550 in 1982 to 540 in 1995.

TRADE AND INDUSTRY

Motor Insurance

Mr. Dismore: To ask the President of the Board of Trade if she will make a statement on the draft Fourth EU Motor directive concerning motor insurance. [6490]

Mrs. Roche: In its recent Communication, "Financial Services: Enhancing Consumer Confidence", the European Commission has indicated its intention to bring forward, by autumn 1997, proposals for a fourth directive on motor liability insurance to address the problems faced by persons who have suffered injury or loss in a road accident while visiting another member State. In the course of drawing up its proposals for this directive, the Commission has been holding discussions with member State representatives. The Government is participating in these informal discussions but will wish to consider its position further when the Commission presents a formal proposal to the Council of Ministers.

ECGD

Mr. Matthew Taylor: To ask the President of the Board of Trade if she will place in the Library a copy of the consultation document which was the basis of the Export Credits Guarantee Department's consultation exercise with its customers about its future policy on the disclosure of information. [6428]

Mrs. Roche: No consultation document as such was produced for this exercise, but ECGD wrote to its major customers on 29 October 1996 regarding its policy on disclosure of business information. I will arrange for a copy of this letter to be placed in the Library of the House.

Aid and Trade Provision

Mrs. Gillan: To ask the President of the Board of Trade what representations she has received from business about the advantages of retaining the aid and trade provision. [6882]

Mrs. Roche: I have received a number of representations from business about the advantages of retaining the Aid and Trade Provision scheme.

Minister for Trade and Competitiveness in Europe

Mr. Redwood: To ask the President of the Board of Trade what is the role of the Minister for Trade and Competitiveness in Europe in respect of competition issues relating to the oil, chemical, petrochemical and biotechnology industries. [7423]

Mrs. Beckett: None. Competition issues affecting these and all other industries are determined by the Under-Secretary for Competition and Consumer Affairs and myself, as appropriate.

Hawk Aircraft Contract (Indonesia)

Dr. Tonge: To ask the President of the Board of Trade if an export licence *(a)* has been granted or *(b)* is expected to be granted, in respect of the 1996 contract with Indonesia for an additional 16 British Aerospace Hawk aircraft. [5889]

Mrs. Roche *[holding answer 9 July 1997]:* Export licences were granted in November 1996 to British Aerospace for 16 Hawk aircraft and equipment for Indonesia. These covered a contract signed in 1996, and represent the second phase of Hawk sales to Indonesia agreed in principle in 1993. They cover the 16 aircraft subject to the second of the contracts referred to in the then Minister for Defence Procurement's answer on 5 February 1997, *Official Report*, column *621*, to my hon. Friend the Member for Cambridge (Mrs. Campbell).

My predecessor had been wrongly advised when, in announcing the grant of these licences on 21 November 1996, *Official Report*, column *676*, he referred to them as covering the second consignment of Hawk aircraft in respect of the 1993 contract. Licences for 24 aircraft under

the 1993 contract had already been granted as announced by the then Minister for Trade on 19 December 1995, *Official Report*, column 1081.

The error arose from a mistaken interpretation on the part of officials that the 1993 contract covered both the original order of aircraft and equipment licensed in 1995, and the second phase to follow. This second phase had, however, separate contractual arrangements.

Thus, export licences have been issued on two occasions, first, covering 24 aircraft and equipment (announced 19 December 1995) and secondly covering 16 aircraft and equipment (announced 21 November 1996).

Procedures are being reviewed with a view to avoiding a repetition of this regrettable error.

Ministers (Shareholdings)

Mr. Wilkinson: To ask the President of the Board of Trade in what circumstances a Minister in her Department with company shareholdings would be prevented from entering into collective ministerial discussions on those companies. [5629]

Mrs. Beckett *[holding answer 1 July 1997]:* In all circumstances, except where shares are in a blind trust.

Telecommunications

Mr. Burstow: To ask the President of the Board of Trade what plans she has to legislate to give OFTEL the power to require BT and other telecom providers to make available (i) textphones and (ii) similar items of equipment to their customers. [6452]

Mrs. Roche *[holding answer 9 July 1997]:* My Department has no plans at present to introduce legislation to give OFTEL such powers. There is a competitive market developing for provision of such equipment with features that would benefit those people with special needs. I also understand that the Typetalk service is currently the subject of discussions between the Director-General for Telecommunications, BT and Typetalk which are likely to result in a significant improvement in service. My officials will continue to maintain their close contacts with the UK organisations representing people with special needs.

Industrial Development Act (Grants)

Mr. Fallon: To ask the President of the Board of Trade if she will list the grants made under the Industrial Development Act 1982 since her appointment. [7676]

Mrs. Roche *[holding answer 10 July 1997]:* Information on Regional Selective Assistance grants, the principal scheme, is commercially confidential until the first payment has been made. In line with established procedures, details of such grants, over £75,000, are regularly published in Labour Market Trends. Of a total of 212 offers of grant made since 2 May 1997, information can be given on the following case:

Company	*Travel to work area*	*Grant offered*
Worton Mile Ltd. (General mechanical engineers)	Wakefield & Dewsbury	£245,000

All other cases have yet to receive a payment. There were also seven Regional Investment Grants, totalling £58,000, in the same period.

Consumers

Mrs. Gillan: To ask the President of the Board of Trade what her Department is doing to promote the Young Consumer of the Year competition and National Consumer Week. [7780]

Mr. Nigel Griffiths *[holding answer 10 July 1997]:* Both National Consumer Week and the Young Consumer of the Year competition are organised by the Institute of Trading Standards Administration (ITSA). I have already agreed to take part in a "phone in" on national radio on 25 November as one element of this year's National Consumer Week (24–28 November 1997) and my Department is exploring with ITSA what other useful involvement we could offer.

I understand I am the first Minster for consumer affairs formally to address the finalists. My Department is discussing with ITSA what assistance might be helpful in promoting next year's competition and I urge all hon. Members to encourage their local schools to participate.

Information Society

Mrs. Gillan: To ask the President of the Board of Trade what is her Department's definition of the Information Society. [7776]

Mr. Battle *[holding answer 10 July 1997]:* The Information Society is a concept encompassing the converging information technology, electronics and communications industries, their products and services and the infrastructure of the connecting networks. It involves the ability electronically to access very large quantities of information and entertainment on demand, to interact with and manipulate large quantities of data, to transact remotely and to communicate while on the move. It is a society where interactions and events are no longer determined by geographical position or physical separation. It will have a major impact on the economic and social fabric of our lives, and should be developed to create opportunities and benefits for all citizens.

Investigations Unit and Insolvency Service

Mrs. Gillan: To ask the President of the Board of Trade how much will be spent on reinforcing the work of her Department's Investigations Unit and the Insolvency Service. [7782]

Mr. Nigel Griffiths *[holding answer 10 July 1997]:* The Comprehensive Spending Review will look at all aspects of public expenditure to ensure that taxpayers' money is being spent so as to fulfil the Government's manifesto commitments. It would not be appropriate to comment on individual areas of expenditure prior to its conclusion. Within the DTI, the Review will include the work of the Insolvency Service and of Investigations and Enforcement Directorate and the resources devoted to these areas.

Disqualified Directors

Mr. Gillan: To ask the President of the Board of Trade how her Department proposes to name and publicise directors who are disqualified by the courts. [7779]

Mr. Nigel Griffiths *[holding answer 10 July 1997]:* Following the making of a disqualification order the court concerned must notify the Registrar of Companies so that the details can be entered of the Register of Disqualified Directors. My officials in Companies House and the Insolvency Service are considering what further information relating to disqualified directors could be made available and in what form. When a disqualification order is made a local press release is issued which gives the full names of the directors disqualified, the name, trading style and address of the company (or companies) which failed together with summary of the unfit conduct found by the court.

The Department also issues a quarterly press release to the main media outlets covering disqualification statistics and notable disqualification cases which occurred during the period. This release is also copied to number of accountancy, legal and business journals which follow up particular cases which interest them. I am concerned to ensure that the profile of this area of the Department's activities remains as high as possible and that the public generally are made more aware of the steps which are being taken to deal with directors who abuse the privilege of limited liability.

Consumer Education

Mrs. Gillan: To ask the President of the Board of Trade what plans he has to develop a system of consumer education; and what budget will be allocated to the project. [7786]

Mr. Nigel Griffiths *[holding answer 10 July 1997]:* A wide range of current activity on consumer education and information is supported by the Government. This ranges from our support for advice and information from the Citizens Advice Service to specific advisory campaigns such as those on fireworks safety. We are placing increasing emphasis on providing consumers with information on their rights under new legislation, such as that on Timeshare, from the point of introduction of the legislation. Consumer education will be subject to review, as will all policy areas, under the comprehensive spending review of my department.

Export Forum

Mrs. Gillan: To ask the President of the Board of Trade who are the members of the new Export Forum; how they were appointed; and if she will set out the forum's terms of reference. [7678]

Mrs. Roche *[holding answer 10 July 1997]:* My Noble Friend the Minister for Trade and my hon. Friend the Minister of State, Foreign and Commonwealth Office announced yesterday the membership of the Export Forum. This is as follows:

Tom Harris DTI (Chairman)

Sir Andrew Burns FCO (Alternate Chairman)

Peter Godwin (British Overseas Trade Board)

Robert Beresford (Overseas Projects Board)

Ken Jackson (Trades Union Congress)

Tony Bastock (Chemical Industries Association)

Glenys Goucher (Chief Executive, Business Link North Derbyshire)

Ron Taylor (British Chambers of Commerce)

Ian Campbell (Institute of Export)

Emmanuel Cotter (North London Business Development Agency)

Richard Brown (Aston Fittings Manufacturing Ltd.)

Dorothy MacKenzie (Dragon International Consulting)

Garry Campkin (CBI)

Ted Dilley (Cable and Wireless)

Hector Munro (British Council)

Roy Leighton (British Invisibles)

Victor Lunn-Rockcliffe (Exports Credit Guarantee Department)

David Orchard (Ministry of Agriculture, Fisheries and Food)

John Middleton (Department of Health)

Richard Wood (Department of the Environment)

Dilwyn Griffith (HM Treasury)

Martin Briggs (Government Office for the East Midlands)

Bryony Lodge (Department of National Heritage)

Members were invited to participate in the Forum after wide consultations both within Whitehall and with industry. The membership reflects a broad range of interests and expertise in area of international trade. The Forum's terms of reference are to consider:

1. The effectiveness with which official support is provided for:

   (i) trade fairs;

   (ii) trade missions;

   (iii) sales leads;

   (iv) export marketing research;

   (v) UK firms bidding for overseas projects;

   (vi) other export promotion activities.

2. The current arrangements for interdepartmental consultation.

3. The current arrangements for consultation with business.

4. The interface between the Overseas Trade Services and Business Links.

5. The present system for establishing market and sectoral priorities.

6. The marketing and branding of official export promotion services.

To reach conclusions and recommendations by the autumn, without prejudice to the outcome of the President's comprehensive review of DTI's expenditure.

Small Shops

Mrs. Gillan: To ask the President of the Board of Trade what steps her Department is taking to prevent small shops' business being eroded by shops with charitable status which sell new goods. [7778]

Mrs. Roche *[holding answer 10 July 1997]:* I refer the hon. Member to the comments I made about charity shops, made during the debate on small retail shops on 2 July, *Official Report*, column 229.

Export Promotion

Mrs. Gillan: To ask the President of the Board of Trade if she will list all of her Department's staff posted abroad concerned with export promotion. [7683]

Mrs. Roche *[holding answer 10 July 19[illegible]]*: The following DTI staff are on loan to the Foreign and Commonwealth Office to serve in commercial sections overseas:

Name	*Posting*
Malcolm Day	Hong Kong
Stuart Pyle	Moscow
Richard Higgins	Toronto
Susan Bishop	Peking
Michael Hurley	Kuwait
Stuart Gill	Chicago
Steven Smith	Ho Chi Minh City
Steven Truswell	Moscow
Andrew Harrison	Harare
Simon Carter	New York
Deborah Clarke	Taipei
Roger Newell	New Delhi
Peter Stephenson	Lagos
Bernard Wilson	Amman
Paul Grey	Hong Kong
Sylvia Parnell	Ljubljana
Harold Formstone	Helsinki

In addition, 8 staff are currently on training attachments to commercial sections overseas.

Science and Technology Budget

Mr. Lansley: To ask the President of the Board of Trade when the comprehensive spending review of the science and technology budget will *(a)* commence and *(b)* be completed. [7587]

Mr. Battle *[holding answer 10 July 1997]*: The Comprehensive Spending Review (CSR) will review all aspects of public expenditure including that on Science. The CSR will see that taxpayers' money is being spent effectively in order to fulfil the Government's manifesto commitments. It is already underway and will take 12 months to complete.

Minister for Competition and Consumer Affairs

Mrs. Gillan: To ask the President of the Board of Trade if she will make a statement on the activities undertaken by the Under-Secretary of State, the hon. Member for Edinburgh, South (Mr. Griffiths), to promote tourism in the United Kingdom. [7406]

Mrs. Beckett *[holding answer 9 July 1997]*: My hon. Friend has met representatives of the outbound travel industry who employ over 35,000 people in the UK and contribute over £1 billion to the British economy.

Mrs. Gillan: To ask the President of the Board of Trade what engagements the Under-Secretary of State, the hon. Member for Edinburgh, South (Mr. Griffiths) has fulfilled outside the United Kingdom. [7407]

Mrs. Beckett *[holding answer 9 July 1997]*: Since taking up post on 5 May 1997 my hon. Friend has undertaken the following engagements:

visit to Antwerp for the purpose of a speaking engagement at the ITSA conference on 24 June and various functions recognised by my Department;

visit to Athens for the purpose of a speaking engagement at the IT conference on 28 June and various meetings to promote British trade in Greece by 20 UK companies on 25, 26 and 27 June.

Mrs. Gillan: To ask the President of the Board of Trade if she will list the engagements for the Under-Secretary of State, the hon. Member for Edinburgh, South (Mr. Griffiths), outside the United Kingdom during the next three months. [7404]

Mrs. Beckett *[holding answer 9 July 1997]*: None.

Mrs. Gillan: To ask the President of the Board of Trade which Minister will be responsible for recommending a course of action to her on the MMC investigation into the travel and tourism industry; and what is the current role of the Under-Secretary of State, the hon. Member for Edinburgh, South (Mr. Griffiths), in the inquiry. [7405]

Mrs. Beckett *[holding answer 9 July 1997]*: My hon. Friend the Member for Edinburgh, South (Mr. Griffiths), has made it clear that he will stand aside from consideration of the MMC report into tour operators and travel agents. The report is not expected until November.

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PARLIAMENTARY DEBATES

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Abbreviations

Bills 1R = first reading, 2R = second reading, Money res = money resolution, Comm = Committee stage, Rep = Report stage, 3R = third reading, amendt/amendts = amendment/amendments, * = matter taken formally, without debate.

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